

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday August 8 1984

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EEC steel industries:
at last Davignon
is confident, Page 11

No. 29,391

Algeria	10	10	10
Argentina	10	10	10
Australia	10	10	10
Belgium	10	10	10
Canada	10	10	10
Denmark	10	10	10
France	10	10	10
Germany	10	10	10
Italy	10	10	10
Japan	10	10	10
Netherlands	10	10	10
Portugal	10	10	10
Spain	10	10	10
Sweden	10	10	10
Switzerland	10	10	10
UK	10	10	10
USA	10	10	10

NEWS SUMMARY

GENERAL

Left wing to back Peres unity bid

Israeli Prime Minister-designate Shimon Peres won conditional backing from left-wing supporters in his effort to form a national unity government with the Likud bloc. Mr Victor Shomtov of Labour's Left-wing faction, Mepam, said after discussions with Mr Peres that the group's final decision would depend on the political policies to be adopted by a national unity government.

Leaders of the centre Shinui Party, the Civil Rights Movement and Yehud Party also repeated their readiness to join a Labour-led coalition. Page 3

BUSINESS

Discount scheme depresses Pan Am

PAN AMERICAN World Airways lost \$48.5m in the second quarter of this year, mainly because of an unusually high amount of free or discounted travel. That compares with a net profit of \$10.4m in the same period last year. Page 12

DOLLAR rose to a record closing level in London of FF 8.9425 (FF 8.9525). It also improved to DM 2.914 (DM 2.925), SwFr 2.4575 (SwFr 2.461) and Y244.45 (Y243.05). On Bank of England figures, its trade-weighted index rose to 137.8 from 136.7. In New York it closed at DM 2.9235, FF 8.9765, SwFr 2.4680 and Y244.55. Page 27

STERLING lost 1.15 cents in London to \$1.306. It also fell to DM 3.8 (DM 3.805) and Y319.25 (Y319.75) but improved to FF 11.69 (FF 11.685) and SwFr 3.21 (SwFr 3.19). Its trade-weighted index fell to 78.5 from 78.9. In New York it closed at \$1.3070. Page 27

GOLD was \$6.75 lower on the London bullion market at \$342.50. It was also down in Frankfurt at \$342.50 and in Zurich at \$347.75. In New York, the Comex August settlement was \$344.0. Page 28

WALL STREET: The Dow Jones industrial average closed 1.68 up at 1,204.82. Section II

TOKYO equities succumbed to profit-taking, with car makers hard hit, as the Nikkei Dow market average fell 117.46 to 10,313.63. Section II

LONDON gilts rallied on good money-supply data while the FT industrial Ordinary average reversed early losses to close 0.2 up at 830.5. Section II

ELECTRONIC DATA SYSTEMS, the Dallas-based computer services group that agreed to a \$2.8bn takeover by General Motors, reported record annual net earnings of \$71.2m, against \$50.7m. Page 15

HUTCHISON WHAMPOA, Hong Kong conglomerate, announced a big management reshuffle. The move follows a long-running dispute over management policy. Page 15

BP AUSTRALIA is to receive an A\$180m (U.S.\$152.5m) capital injection from its British parent after its recent takeover of fellow oil group Amoco Australia. Page 12

COASTAL CORPORATION, Houston-based energy company, reported a 38 per cent drop in second-quarter net income to \$19.4m, primarily because the previous year's figures had been boosted by a \$11.8m gain on share sales. Page 15

OVERSEAS SHIPHOLDING, one of the world's biggest bulk shipping groups, operating a fleet of over 70 ships, suffered a 10 per cent drop in second-quarter net income to \$11.5m. Page 15

BRITISH AIRWAYS' battle with independent airlines took a new turn when British Midland and Air UK, two leading independents, said they planned to make a joint bid to take over BA's European international routes from Birmingham and Manchester. Page 12

DYLEK, Canadian fashion retailer and manufacturer, launched a U.S.\$385m bid with two partners for Brooks Fashion Stores, U.S. retail chain. Page 12

Today's international edition is published in two sections, reflecting the seasonal reduction in pagination. Companies and Markets are contained in Section II.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

OECD cautions Paris against early reflation

BY DAVID MARSH IN PARIS

The French Government should take no "premature" action to reflate the economy after the austerity policy of the last 18 months, according to the Organisation for Economic Co-operation and Development.

In its annual report on France, published today, the OECD says that, in spite of the sharp slowdown in French inflation, the Socialist Government's freedom for stimulus measures remains tightly constrained by continuing competitive difficulties of French industry and the level of foreign debt built up in 1982 and 1983.

The OECD's conclusions are the result of a study of the French economy carried out before last month's government shake-up. They point to the dangers of reflationary action before the 1986 general elections.

That is likely to be construed in France as a shot across the bows of M Pierre Bérégovoy, the new Finance Minister, who some financial observers believe may eventually favour a more expansionist approach than his predecessor, M Jacques Delors.

The warning is thrown into sharp relief by the OECD's generally gloomy short-term forecasts for the French economy. In particular, unemployment is predicted to continue to rise steadily over the next 18 months.

Consumer price inflation is likely to fall to 7.6 per cent this year and 5.7 per cent in 1985, compared with 9.4 per cent last year, reaching the OECD average of 5 per cent by the second half of next year. That is nearly 12 months later than the Government's original target of 5 per cent inflation by the end of 1984.

Further improvement is also forecast in the current account, forecast to swing into a \$500m surplus next year after deficits of \$12.1bn, \$3.8bn and \$1.8bn respectively in 1982-84.

The economy is likely to grow only modestly, with real gross domestic product seen as increasing 1.2 per cent this year after 0.7 per cent in 1983, rising to a still slender 1.8 per cent in 1985.

With domestic demand held down by generally tight monetary and fiscal policies, and continued declines in real wages this year, depressing consumption, unemployment will probably rise to 10.5-11 per cent of the workforce by the end of 1985.

The OECD, emphasising the fragility of the balance of payments caused by France's propensity to import, says the country's foreign debt - although termed as "admittedly still modest" - makes it "absolutely imperative" to achieve the target of eliminating the external deficit and then consolidating equilibrium.

Although it welcomes the Government's move to shift resources to the company sector, and the expected acceleration in productive investment this year and next, the Secretariat has urged more measures to boost company profits.

EEC fines zinc groups \$2.5m in antitrust ruling

BY NO DAWNAY IN BRUSSELS

THE EEC has imposed fines totalling Ecu 3.3m (\$2.5m) on six European zinc producers for "serious and prolonged" breaches of Community competition rules.

The decision follows an investigation opened in 1978 into what the Commission describes as "classical" violations of antitrust laws, involving unauthorised price fixing, market sharing and production restrictions.

Announcing the fines yesterday, the Commission claimed that the companies - all members of the Zinc Producers' Group - flouted Community rules by means of joint agreements on market practices for a 12-year period between 1964 and 1978.

Those involved fixing a producers' price, refraining from selling to the London Metal Exchange (LME), buying in the LME to support the zinc price and, on occasion, restricting production to agreed levels and limiting sales through a system of export quotas and market shares.

All these activities are explicitly prohibited under Article 85 (1) of the Treaty of Rome as anti-competitive. Although the Commission is empowered to grant exemptions for industries under economic pressure, no attempt was made by the offending companies to notify EEC officials or seek authorisation.

The companies fined by the Commission are Billiton of the Netherlands (fined Ecu 350,000), Metallgesellschaft and Preussag of West Germany (Ecu 500,000 each), Penarroya of France (Ecu 500,000), Rio Tinto Zinc (RTZ) of the UK (Ecu 500,000) and Union Miniere of France (Ecu 950,000).

An official of the competition directorate said yesterday that the fines were "much lower" than would normally be the case because of mitigating circumstances.

Those included problems related to assessing the relative culpability of the fact that the UK was not a member of the Community until 1973 and the poor financial circumstances of many zinc producers at present.

Explaining the long delay in reaching a judgment, officials said the Commission had been held up by the case brought to the European Court by AM & S Europe, a subsidiary of the Australian mining and smelting company that forms part of the RTZ group. The case attempted to restrict EEC investigators' access to correspondence between lawyers and their clients.

RTZ said in London last night that the company was unable to comment on the case until it received formal notification of the Commission's decision.

It is believed, however, that all the companies concerned will accept the fines, payable over three years.

Continued on Page 12
EEC steel industries, Page 11

Kyocera shifts investment from California to avoid unitary tax

BY ROBERT COTTRELL IN TOKYO

KYOCERA, the Japanese electronics manufacturer, says it is diverting new capital investment in the U.S. away from California because of the state's unitary taxation system. Instead, it plans to build a \$30m manufacturing plant in Washington state, which does not levy unitary tax.

Unitary taxation is now levied by 11 U.S. states. It provides for individual states to rule that local operations of international companies are earning taxable profits proportionate to the consolidated earnings of their ultimate holding company.

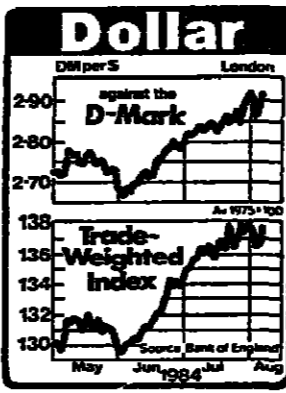
Mr Donald Regan, the U.S. Treasury Secretary, this month gave the 11 states one year to make "appreciable progress" in ending the practice before asking President Reagan to seek a federal law to prohibit the taxes.

Several prominent Japanese companies are also lobbying California and other U.S. states to drop unitary tax. Their concern is shared by the Japanese Ministry of Finance, which proposed, in the May report of the U.S.-Japan working group on yen/dollar exchange rate issues, that unitary tax be abolished since it "could impose a heavy financial and administrative burden on foreign subsidiaries in the United States."

Kyocera is now preparing a lawsuit against the state of California seeking reimbursement of \$21m unitary tax paid for the period from April 1972 to March 1983. Kyocera says that, pending resolution of the suit, it will not pay unitary tax for the period after April 1983.

Kyocera argues that its manufacturing plants in California are not as profitable as its plants in Japan, and so do not make a proportionate contribution to consolidated group earnings.

California's unitary tax, it adds, subjects the company to double tax-



\$ surges higher in Europe

By Our Economics Correspondent

THE DOLLAR surged ahead in Europe again yesterday, consolidating Monday's gains and touching its highest level for 11 years.

The dollar rose to its highest value against the D-Mark for 11½ years at DM 2.9270 for a time in London yesterday. It closed at DM 2.914, 3 Pfg higher than its London close on Monday and 5 cents higher than its London closing value of Friday.

The dollar also rose against sterling, pushing the pound's value in London back to \$1.306, compared with \$1.3175 at Monday's London close.

Against the French franc, the dollar rose to close in London at FF 8.9425 compared with FF 8.9325 on Monday, while against the Swiss franc it firmed to SwFr 2.4575, compared with SwFr 2.421.

Its value against a Bank of England trade-weighted basket of currencies at the close of business in London yesterday was 137.8.

Money markets, Page 27

U.S. censures six banks over balance sheet

BY WILLIAM HALL IN NEW YORK

U.S. BANK regulators have taken the unusual step of censuring six large U.S. banks for "window dressing" their balance sheets to improve their financial appearance.

It has ordered them to publish new information, which is likely to show that they were not as large as they appeared.

The office of the Comptroller of the Currency, the primary regulator for 4,700 nationally chartered banks in the U.S., said yesterday that it had issued consent orders against the six banks and given their names to the Securities and Exchange Commission.

It also said it had sent a notice warning all U.S. banks against engaging in that practice and said if it caught any more banks doing the same it would publicise their names.

It has been known for some time that some U.S. banks, normally the regional banks as opposed to the multinational banks, had been inflating their end-quarter balance sheets to make themselves look more attractive to other banks and to corporate depositors, which prefer to place funds with bigger banks.

The Comptroller said that the "window dressing" did not have any "significant effect" on their reported earnings but had boosted their deposit and asset levels on certain end-quarter reporting dates.

"The information shows up in the quarterly 'call' reports, or statements of condition, which U.S. banks are required to publish every quarter.

The Comptroller has prohibited the six banks from engaging further in "window dressing."

It has not disclosed their names, but they are likely to emerge as they "publish clarifying information regarding affected call reports."

The banks involved all had assets of more than \$1bn.

According to the Comptroller's office, "window dressing" has taken various forms.

Some U.S. banks have been temporarily transferring Fed funds purchased from affiliated and correspondent banks to increase demand deposit accounts at the end of the quarter.

There has also been evidence that some banks have arranged for their correspondent banks to increase substantially their demand deposit balances on a call report day in return for deposits of a similar amount at a later date.

Boost for UK rate cut hopes

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

PROSPECTS for an early cut in UK interest rates were improved yesterday by encouraging money-supply and provisional banking figures for July.

The figures, showing a 1 per cent fall in sterling M3, the broad measure of the money supply, appeared to confirm the British Treasury's view that domestic indicators did not warrant last month's 2½ percentage point rise in bank base rates.

The news was, however, clouded by a further sharp rise in the dollar associated with firmer U.S. interest rates.

That depressed the value of sterling to \$1.306 at its London close compared with \$1.3175, and undermined the markets' hopes at the end of the last week that the dollar was set to decline from its recent record levels.

The dollar's renewed strength could not, however, dampen the enthusiasm of the London gilt-edged securities market, which reacted to the money figures with a sharp upward movement. Prices of longer-dated stocks rose by up to 1½ points while shorter-dated stocks finished the day ¾ point up, having been ¾ point down before the money-supply announcement.

Market interest rates also fell back after some rises earlier in the day, although for the day as a whole rates were little changed.

The Bank of England and the Treasury have both made clear in recent days that they regard British

Continued on Page 12
Lex, Page 12
Money markets, Page 27

Europe	2	Energy Review	8	French economy: cold comfort from the OECD	2	South Africa: a dose of economic medicine	10
Companies	15	Eurobonds	28	World Trade: Greek-Soviet ties improve	4	Editorial comment: UK defence; France	10
America	4	Euro-options	21	Technology: debate rages over cancer cure	7	EEC steel industry: Davignon confident at last	11
Companies	15	Financial Futures	27	Energy: French are masters of conservation	8	Wages and jobs: talking to the unions is allowed	11
Overseas	3	Gold	26	UK government training: a critical assessment	8	Lex: GKN; UK money supply; U.S. bids in Britain	12
Companies	14	International Capital Markets	28				
World Trade	4	Letters	11				
Britain	6	Lex	12				
Companies	16, 17	Lombard	11				
Agriculture	26	Management	8				
Appointments	15	Mining	17				
Arts - Reviews	9	Money Markets	27				
World Guide	8	Raw materials	26				
Commodities	26	Stock markets - Bombay	25, 26				
Crossword	24	Stock markets - London	13, 21-23				
Currencies	27	Technology	7				
Editorial comment	10	Unit Trusts	24, 25				
		Weather	12				



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EUROPEAN NEWS

'Little alternative to policies of rigour'

BY DAVID MARSH IN PARIS

THE ORGANISATION for Economic Co-operation and Development's annual report on the French economy, published today, makes bleak reading for the freshly-shuffled Government under M Laurent Fabius. The report makes clear the OECD's view that the Government has little alternative over the next year or so to continuing the policies of economic "rigour" introduced in June 1982 — and toughened in March 1983 — after the Socialists' ill-fated reform experiment of 1981 and the first half of 1982.

The OECD's scarcely comforting comment on the present period of slow French growth, declining real wages and mounting unemployment is, in effect, that France is paying for past mistakes — made not just by the Socialists, but by previous Right-wing governments too.

"For almost three decades, French growth has outstripped that of its main trading partners, the external constraint being periodically—and temporarily—lifted by currency devaluations," the OECD writes.

This solution is now "complicated," the Secretariat adds, by the degree of foreign trade exposure of the economy.

Above-average growth and inflation have been accompanied by a strong rise in import penetration in key sectors.

In industrial capital goods, the share of imports in domestic consumption (at current prices) rose to 37.5 per cent last year from 25.3 per cent in 1970.

For household appliances, the

share rose to 51.2 per cent from 28.4 per cent; for vehicles, to 30.9 per cent (17.3 per cent); and for consumer non-durables 23.1 per cent (11.2 per cent). Unfortunately for France, this internationalisation of the domestic economy has not been accompanied by corresponding increases in industry's export performance, especially in sectors such as cars and consumer goods.

As a result of the big overall increase in the foreign exposure of the economy, the OECD says bluntly: "any depreciation (of the currency) would result in a worsening of the terms of trade and heavy pressure on domestic prices."

The OECD spells out the implications of domestic industry's loss of market share—which it terms "particularly disquieting" in the capital goods sector.

More than one-third of the advantage gained by any pick-up in the economy would go to foreign industry, which would also be the beneficiary of half of any investment increase, it says.

Added to this sombre background is the separate but related constraint posed by France's foreign debt, built up as a result of a cumulative \$21bn (£18bn) current account deficit during 1981 to 1983.

This was the biggest in the OECD area during this period, apart from the U.S. which ran a cumulative deficit of \$47bn, but which is subject to less constraint on attracting inflows.

With the foreign debt outstanding rising to 11.4 per cent of Gross Domestic Product in

	PRICES AND WAGES			
	Percentage changes on previous period, annual rates			
	1981	1982	1983	1983 II
Consumer price index	12.3	11.8	9.6	10.3
Food	13.9	12.7	9.3	4.6
Manufacturers (private sector)	10.9	9.7	8.7	9.7
Services (private sector)	16.1	13.1	11.6	11.2
Public sector products and services*	17.2	18.7	9.3	4.5
Index of hourly wage rates	15.0	15.4	11.2	12.8
Index of wage rates in manufacturing	14.5	15.2	11.2	12.7
Minimum hourly wage (SMIC)	16.1	17.6	12.2	11.6
General index of salaries in the public sector	13.8	10.3	8.4	10.4
Wage costs	13.0	11.6	8.7	8.3
Total unit costs	13.7	11.0	7.9	6.7
Producers prices	12.8	11.5	8.2	8.6

* Including energy

Source: INSEE, Bulletin mensuel de statistique and quarterly accounts

1983 from 6 per cent in 1981, "the debt burden, though limited, would seem to rule out continued current payments deficits," the OECD says.

"In the short run, the present policy of stringency seems the only possible course."

The resurgence of the trade deficit in the first five months of 1984 demonstrated "the fragility of the progress made in 1983 and the danger of a slide in the current account if the favourable conditions that allowed the improvement in 1983 do not continue."

The OECD stresses the importance of continued action by the Government to boost company profits.

One effect of the anti-inflation policy of the past 18 months has been a far sharper slowdown in wage than price increases, leading to a

corresponding boost in corporate finances.

The rate of hourly wage increases fell from 17.5 per cent (over 12 months, allowing for shorter working hours) in the first half of 1982 to 11.25 per cent in the second half of 1983 and only 8.25 per cent in the first quarter this year.

Additionally wage agreements in the first few months of the year seem to be in line with the Government's recommendations of 5 per cent for 1984 wage growth.

"This development, which has no equivalent in previous recession phases, signals a gradual distension of the economy," the OECD says.

"The Government's price controls, on the other hand, do not appear to have affected business results adversely on average in 1982-83."

This contributed to an overall shift in the distribution of national income towards the corporate sector in 1983, although the improvement did not by far make up for the almost continuous deterioration since 1974 in the financial position of industry.

Over this period, manufacturing companies in France have faced a greater increase in wage and salary payments as a proportion of value added, a steeper rise in financial costs and a consequent sharper decline in profitability than any of the major OECD countries.

This deterioration "largely explains the poor investment performances." Despite the 1983 profits improvement, "much remains to be done in this area to re-establish a satisfactory situation."

French Right on attack

By David Marsh in Paris

LEADERS of the French right-wing opposition stepped up their attacks yesterday on the Government's call for a wider use of referendums.

During the first day of a debate in the opposition-dominated Senate, France's Upper House, M Jean Lecanuet, chairman of the UDF party, labelled President Francois Mitterrand's proposal to amend the constitution to allow possible referendums on civil liberties as "obscure" and "dangerous."

The debate, with 200 out of 317 senators in attendance, opened stormily. M Andre Labarre, a Government minister in charge of parliamentary relations, raised opposition hackles by claiming that they had financed summer demonstrations against the Government's proposed private schools Bill.

The debate — on which a vote is due today or tomorrow — has a somewhat Kalkasque ring because the Senate, which has an effective veto on constitutional amendments, was last month in favour of a referendum on the now-dropped schools Bill. Then M Mitterrand called the Right's bluff by launching a proposal which would only be finally decided by referendum — to redraw the constitution to make popular consultation on the schools issue possible.

Bonn to tighten curb on export of chemical plant

BY RUPERT CORNWELL IN BONN

THE BONN Government is to tighten its controls on the export of industrial equipment which might be used in the production of battlefield chemical weapons.

The move, announced by the Economics Ministry in Bonn yesterday, comes in the wake of repeated reports that plant supplied by West German companies to Iraq, understood to be for the manufacture of agricultural pesticides, has in fact been used to produce chemical weapons for use in the Gulf War against Iran.

Hitherto, official export permits have only been needed for equipment specially designed for such a purpose.

Now, however, all "plant, parts and equipment" which might serve to test or manufacture organic phosphorus compounds, mustard gas or other highly toxic compounds will require a specific licence. Exceptions will only be made for exports to other OECD countries and in cases where the value of the contract is less than DM 30,000 (£7,700).

The Government has already been checking reports that poison gas apparently used by the Iraqis had been prepared with the use of equipment supplied by a West German company.

The company, the Karl-Kolb concern of Offenbach, has recently confirmed that it is supplying a pesticide research unit to Iraq, but says that some deliveries are still pending.

Reuter adds: "A spokesman for the Kolb company said that Bonn had at one point applied pressure on Kolb and its pillar plants to drop its contract with Baghdad."

Contractual obligations had, however, made this impossible, he added. The equipment so far supplied to Iraq "would have to be very extensively modified" to make it suitable for chemical warfare.

The spokesman added that the company was examining yesterday's new regulations to determine if they affected its business with Iraq.

U.S. seeks to plug trade loophole—Page 4

Surge in exports boosts Spanish foreign reserves

BY DAVID WHITE IN MADRID

A SURGE in Spanish exports and tourist receipts this year—both spurred by a favourable peseta exchange rate—have brought a sharp recovery in the country's external reserves, which last month reached their highest level for 2½ years.

Gold and foreign exchange reserves jumped by \$965m (£742m) in July to \$14.67bn, an increase of \$8.4bn or just over 30 per cent since the beginning of the year. The figure is the highest since February 1982.

This year's trend contrasts sharply with a \$1.39bn fall in reserves in the first seven months of 1983. The total now stands 46 per cent higher than that of a year ago.

Apart from the upturn in export earnings, tourist receipts in the first half of the year were 9.6 per cent up at \$3.14bn

and results for the year are now expected to exceed official forecasts.

The recovery in foreign exchange reserves is seen by the Government as favourable to its campaign to reduce internal interest rates, by limiting speculative pressure against the peseta.

A lowering of bank lending rates, which has had point cuts by major banks last month, is a key element in efforts to promote private sector investment and halt the decline in total employment.

This in turn is crucial to hopes of a successful outcome to current negotiations—which the Government is hoping to conclude in September on a tripartite economic and social pact with unions and employers for the next two years.

UN chief holds talks with Turkish-Cypriot 'envoy'

VIENNA — Sr Javier Perez de Cuellar, UN Secretary-General, conferred with a representative of the Turkish-Cypriot community here yesterday as part of his new initiative to settle the Cyprus problem.

Mr Nezi Muzik Ertekin and the UN chief declined to talk after their initial morning meeting but were due to do so after a later meeting.

On Monday, Sr Perez de Cuellar had two similar meetings with Mr Andreas Mavromatis, the Greek-Cypriot representative.

Mr Mavromatis flew home yesterday to report to President Kyriakou of Cyprus.

A Government spokesman in

Nicosia declined to give details of the UN chief's ideas other than to say they touched on "basic aspects" of the Cyprus issue.

President Kyriakou will today chair a joint meeting of representatives of the main Greek-Cypriot political parties to study the situation in the light of the Vienna talks, which will also be discussed by the island's Council of Ministers tomorrow.

Mr Nauf Denktash, the Turkish-Cypriot leader, vowed yesterday to maintain the independent state he had declared in the northern section of the island last November.

Agencies

Comecon problems stir Hungarian 'concern'

BY LESLIE COLTIN IN BERLIN

A SENIOR economic adviser to the Hungarian Government, Mr Mihaly Simai, said the economic difficulties of Comecon were causing Hungary "great concern" and were "dragging on."

Mr Simai, deputy director of the Research Institute for the World Economy, in Budapest, made his remarks at a recent conference of Hungarian Communist officials on the future development of the economy and economic management.

The Hungarian economist said Comecon had made slow progress in developing "constructive programmes" which would bring about a change. His speech was published in an Hungarian economic weekly.

The criticism came in the wake of Comecon's summit conference in Moscow last June, which did not produce any of the reform measures advocated by East European economists.

Mr Simai said it was "vital" for

Hungary to develop its relations with Comecon — its main trading partner — "more intelligently, more flexibly, and with increasing regard to the advantages and disadvantages of all parties concerned."

At the same time, he said Hungary should join the "international centres" of high technology. Without close ties with these centres Hungary would not be in a position to use its achievements internationally. It would also be unable to take part in the global technical and economic transformation.

The Hungarian Foreign Trade Ministry has released figures showing that the country's hard-currency surplus in the first six months of this year was \$260m, almost as much as the same period last year. Hungary's deficit with Comecon was more than halved in the same period, with exports to Comecon rising 11.3 per cent, while imports stagnated.

Poland greets easier U.S. line

BY DAVID BUCHAN IN LONDON

POLAND'S chief government spokesman yesterday called President Reagan's partial removal of sanctions on Poland "a small step, but one in the right direction" towards better relations between Warsaw and Washington.

The statement by Mr Jerzy Urban was noticeably more conciliatory than his initial criticism last week of the U.S. for not responding more fully to the Jaruzelski Government's amnesty for political prisoners.

The U.S. has restored civil air landing rights and scientific exchanges for Poland, while saying that it would drop its objection to Warsaw joining the International

Monetary Fund (IMF) once a key group of 11 political prisoners had been freed. One of them, Mr Zbigniew Romaszewski, left prison yesterday.

Mr Reagan has left in force the ban on new trade credit for Poland, which the U.S. imposed jointly with Nato allies, and denial of preferential tariff status for Polish goods entering the U.S. market.

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Iraq resumes attacks on Gulf oil tankers

BY RICHARD JOHNS

FRIENDSHIP L, a 267,589 deadweight tonne Libman-registered supertanker, was struck by an Iraqi air-to-sea missile 25-30 miles south of Kharg Island in the first attack on Iranian oil traffic for nearly a month.



On the European spot market prices responded sharply with a gain of 40 cents. Brent Blend, the North Sea reference, was reported to have been traded at \$28.40 a barrel. The Friendship L, which is carrying 250,000 tonnes of crude, was reported to have been hit in the engine room and damaged to the oil tanks. The ship's agents, quoted Esfontans Inc, the owners, as saying that there had been no loss of life or damage to the oil tanks. In Athens, the Greek Ministry of Merchant Marine said that the Greek-managed Friendship L would continue its journey to Rotterdam. A projectile had caused a small fire in the vessel's right-hand fuel tank near its bow but the crew had

quickly extinguished the blaze. The last Iraqi attack on Iranian oil traffic was on July 10 when the UK tanker Renown was hit by two Iranian missiles while off-loading oil from a vessel struck two weeks earlier. The attack came a day after Mr Taha Yassin Ramadan, Iraq's Deputy Prime Minister, had warned that the blockade of shipping to and from Iranian ports would continue. Despite the recent lull in the

tit-for-tat war on shipping in the Gulf, Iraq clearly intends to keep up the pressure on Iran in the hope of bringing the war to an end.

The suggestion from Baghdad is that Iraq has so far refrained from directly attacking facilities at Kharg Island itself, but that it has the power to damage loading operations at the heavily protected terminal.

In an interview published in the latest edition of the Middle East Economic Survey, Mr Tariq Aziz, Iraqi Deputy Premier and Foreign Minister, is quoted as saying: "We want Iran to understand that the continuation of the war will not bring it any benefit."

"If they get the message at the present level of military confrontation, that is enough. If not, we will have to strengthen the dose."

The weekly journal reports that Iraq is now confident that the balance of power in the Gulf conflict, nearing the end of its fourth year, has shifted in its favour.

Innovation holds key to Japanese export drive

By Robert Cottrell in Tokyo

TECHNOLOGICAL innovation accounted for one-fifth of all Japanese plant and equipment investment during the 1983-84 financial year, according to the Japanese Government's "annual report on the economy," a white paper published yesterday.

According to the report, prepared by the Government's Economic Planning Agency (EPA), technological innovation is the "locomotive" of Japanese private sector investment, and primarily responsible for improving the international competitiveness of Japanese manufacturing industry as a whole.

In terms of wage costs, U.S. manufacturing industry improved its competitive position against Japan by an average of 0.5 per cent annually between 1979 and 1983, according to EPA. However, the agency says the Japanese rate of technological innovation was so rapid that in terms of overall unit production costs, Japanese manufacturers improved their competitive position against the U.S. by an average 3.3 per cent annually.

EPA estimates that Japanese corporations invested \$4,900bn (\$12.5bn), or 10 per cent of total plant and equipment investment for the 1983-84 financial year, in technological innovation.

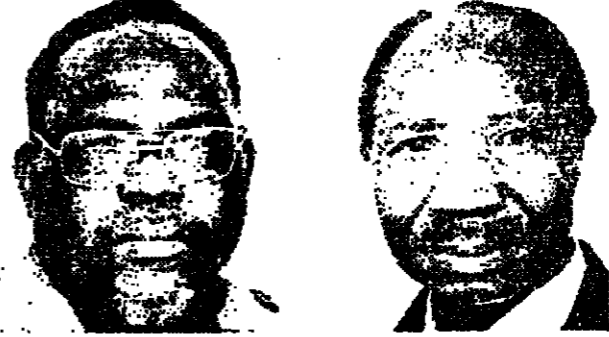
Other points made in the white paper include:

- Japanese agriculture is not modernising as fast as Japanese industry. Food prices should be reduced to those prevailing in Western Europe.
- Japan should encourage more inward direct investment. Such investment totalled a cumulative \$4.2bn (\$3.2bn) in March 1983, equivalent to only 10 per cent of Japan's own direct investment in overseas countries.
- Domestic savings will continue to exceed domestic investment, increasing Japan's role as international creditor.

A ONE PARTY STATE IN ZIMBABWE

Not so much whether as when

BY TONY HAWKINS IN HARARE



Mr Mugabe's No. 2 in the Zanu-PF party, Mr Simon Muzenda (above left) and his candidate for No. 3, Mr Maurice Nyagumbo, Minister of State in the Prime Minister's office.

SIX THOUSAND delegates are expected to attend the first congress for 20 years of the ruling Zanu-PF party which opens here today. The congress is arguably the most important political gathering in Zimbabwe since the country gained independence in April, 1980.

The five-day meeting will ratify a new party constitution, adopt a leadership code for party members, agree a broad political manifesto for next year's general elections and, most importantly—elect both a new central committee and party executive.

The aims of the party, outlined in the draft constitution, include the establishment of a one-party Socialist state based on Marxist-Leninist principles.

Prime Minister Robert Mugabe is expected to call the first post-independence election early in 1985, at which he will be seeking a mandate to establish one-party government.

Resolutions adopted at Congress are likely to reduce the party's continued Leftward march, but the main interest will focus on personalities and political power rather than policies. The central committee is being expanded from its existing membership of about 90 to 90 and a new 15-man executive, to be called a party politburo, will be elected from the central committee membership.

The two top posts in the party, President, held by Mr Mugabe and Vice-President, filled by Deputy Prime Minister

Simon Muzenda, are not being contested. Great interest will however focus on the number three slot of Administrative Secretary.

This is expected to be won by Mr Maurice Nyagumbo, Minister of State in the Prime Minister's office. He is very strongly favoured by Mr Mugabe against the former Secretary-General Mr Edgar Tekere and the ambitious Minister for Justice and Legal Affairs, Dr Eddison Zvobgo.

Some prominent members of the party seem certain to lose their posts on the influential central committee despite its size being trebled. It is understood that at least 12 existing central committee members have failed to secure nominations made at the Congress over the central committee places are

reserved for nominated members and regional, youth league and women's league representatives.

Despite economic adversity reflected in an 18 per cent inflation rate, falling employment, declining real wages and incomes and a forecast 3 per cent reduction in Gross Domestic Product this year, Mr Mugabe is confidently expected to increase his electoral majority when the elections are called next year. At present, Zanu-PF has 88 of the 100 seats, while 20 are reserved for whites. Nineteen are held by Mr Joshua Nkomo's opposition Zapu and three by Bishop Muzorewa's United African National Council.

In this situation, decisions made at the Congress over the next few days will be a pointer

to Zimbabwe's likely political direction both before and after the elections. What is clear is the ruling party's determination to ensure that the Government is subservient to the party.

Such a move, partially replacing the cabinet with the Politburo, is a source of concern in business circles where it is felt that this would undermine the position of the moderates within the Government.

While the proposed establishment of one-party state is highly controversial and strongly opposed by the minority Ndebele people in Matabeleland, the main concern at congress will not be the principle of a one-party state but the manner and timing of its implementation.

The Lancaster House constitution devised at independence would seem to rule out the move to one-party status until 1990, since all 100 MPs would have to vote for its adoption. Whether the impatient young militants within the ruling party are prepared to wait that long is problematical.

For Mr Mugabe, the congress is likely to be just one further opportunity to consolidate his already powerful position at the head of the party. At the same time, an uncomfortably large number of economic chickens are coming home to roost. Like most other African leaders, he is likely to face criticism arising from the now-traditional crisis of unfulfilled expectations.

Iran linked to Red Sea mines

BY TONY WALKER IN CAIRO

IRAN HAS praised those responsible for mining the Gulf of Suez and the Red Sea, thus strengthening and almost confirming the belief that it is behind attempts by an extremist Moslem group to disrupt shipping in the region.

Tehran radio yesterday described the actions of a "revolutionary Moslem organisation" as a blow against "arrogant powers" including the U.S., France and Britain.

In Cairo Government officials are saying privately that they believe the group responsible for the mining of Suez canal outlets is linked with Iran and funded by Libya and is the same one that bombed U.S. and French military bases in Beirut last year.

Field Marshall Abdel-Halim Abu Ghazala, Egypt's Defence Minister, hinted on Monday that Iran was responsible, saying the explosion could be "a retaliation for what is happening in the Gulf."

Tehran radio in an Arabic broadcast monitored yesterday by the British Broadcasting Corporation made exaggerated claims about the success of the mining operation, saying: "All the arrogant powers are helpless, unable to save dozens of ships facing destruction in the Gulf of Suez and the Red Sea every day."

Since early July, 13 ships have encountered mines in the Gulf of Suez and the Red Sea. Two of them, the Liberian registered Oceanic Energy and the German Georg Schumann have been badly damaged, both in the Red Sea.

Western diplomats in Cairo are saying that Iran may have chosen the busy waterways leading to the Suez Canal as an appropriate place to retaliate against Iraq's blockade of its Kharg Island oil terminal.

They note that ships using Saudi Arabia's west coast oil

ports either have to pass through the Gulf of Suez or the Bab el-Mandeb waterway linking the Red Sea with the Indian Ocean. Saudi Arabia has been one of Iraq's principal backers in the Gulf war.

Egypt has called on the U.S., Britain and France to assist in mine sweeping operations. Some 15 U.S. mine warfare experts were rushed to the region last week, and Britain is considering deploying mine-sweepers from its Mediterranean fleet.

A main claimant to represent an organisation called "Jihad" (Holy War) telephoned news agencies in London last week, saying the group had laid 190 mines in the Red Sea. Tehran Radio linked the latest actions of what it called a "revolutionary Moslem organisation" with those responsible for last October's truck bomb attack on U.S. and French bases in Beirut in which nearly 300 servicemen were killed.

NZ still bans N-ships

PORT MORESBY—Mr David Lange, the New Zealand Prime Minister, remained adamant yesterday that his ban on nuclear powered or armed warships in New Zealand waters would continue despite being told by Mr Bob Hawke, the Australian Prime Minister, that the Anzus alliance was at risk.

Mr Lange said after meeting Mr Hawke ahead of the opening of a regional Commonwealth summit meeting that Mr Hawke made a "very careful and measured and unthreatening exposition of the Australian viewpoint."

Mr Lange said that the U.S. had cast doubt on the future of the alliance but that he was seeking a "re-understanding" of treaty terms.

Australian officials said the real test would come in February, when an Anzus naval exercise is scheduled for New Zealand waters. Denial of New Zealand ports to U.S. nuclear warships could spell the end of the alliance, they said.

The Anzus military alliance groups New Zealand with Australia and the U.S. Agencies.

Tamil town 'is shelled'

VIOLENCE in northern Sri Lanka was officially said to be "escalating" yesterday, but Government sources would neither confirm nor deny a report that the Navy had shelled a coastal town in reprisal against Tamil separatist guerrillas, AP reports from Colombo.

The Times of India of New Delhi reported that the town was shelled on Monday, with more than 100 civilians killed, including some guerrillas. About 10 security personnel also died, it said.

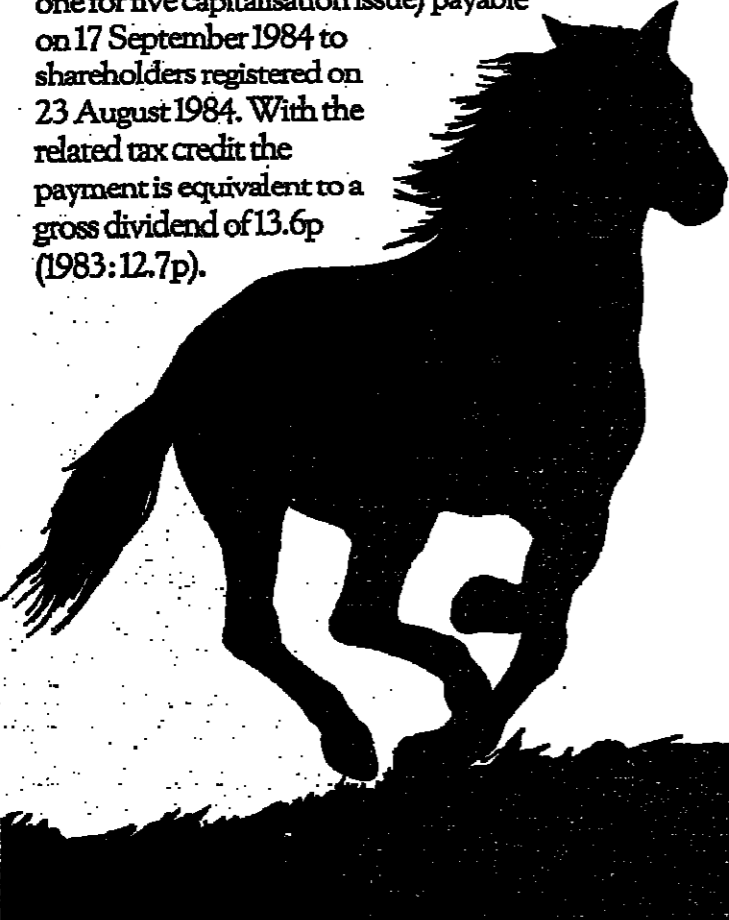
Mervin de Silva added: Residents in the Tamil-dominated northern peninsula have been told to remain indoors and strict censorship has been imposed in the area since the central government launched its counter-insurgency operations. Yesterday, reports from Jaffna, capital of the province, said the city's largest bank had been attacked and weapons seized. On Monday, a police superintendent died in a bomb explosion. He is the most senior officer to be killed in this recent bout of separatist violence which has also claimed the lives of a petty officer and several ordinary policemen.

Lloyds Bank Group results for the half-year ended 30 June 1984

“Our pre-tax profits were up compared with the first half of last year, despite further substantial provisions for bad and doubtful debts reflecting the continuing volatility and uncertainties in the world economy. The UK Budget has not only increased our current tax charge but, as forecast earlier, has also required us to make a large provision for deferred taxation on our leasing business. Our capital position remains sound, and we are able to raise the interim dividend by 7%.”

Jeremy Morse
Sir Jeremy Morse, KC MG Chairman

Interim dividend
The directors of Lloyds Bank Plc have declared an interim dividend on account of the year ending 31 December 1984 of 9.5p per share (1983: 8.9p adjusted for the subsequent one for five capitalisation issue) payable on 17 September 1984 to shareholders registered on 23 August 1984. With the related tax credit the payment is equivalent to a gross dividend of 13.6p (1983: 12.7p).



Consolidated profit and loss account (Note 1)			
(Historical cost basis - unaudited)	6 months ended 30 June 1984	6 months ended 31 Dec 1983	6 months ended 30 June 1983
Note	(\$ million)	(£ million)	(£ million)
Interest income	2,191	2,034	2,004
Interest expense	1,519	1,373	1,404
Net interest income	672	661	600
Other operating income	276	270	257
Total income	948	931	857
Provisions for bad and doubtful debts			
Specific	70	90	53
General	43	30	46
	113	120	99
Total income after provisions for bad and doubtful debts	835	811	758
Operating expenses			
Staff	410	395	374
Premises and equipment	102	100	97
Other	123	106	110
	635	601	581
Profit before taxation of Lloyds Bank Plc and subsidiaries	200	210	177
Share of profits of associated companies	10	15	17
Profit before taxation	210	225	194
Taxation	107	72	63
Profit after taxation	103	153	131
Minority interests	4	5	3
Profit before extraordinary items	99	148	128
Extraordinary items			
Additional provision for deferred taxation	465		
Transfers from reserves and minority interests	465		
Profit attributable to the shareholders of Lloyds Bank Plc	99	148	128
Dividend	22	35	20
Profit retained	77	113	108
Earnings per £1 share	5	42p	64p
Dividend per £1 share	5	9.5p	14.9p
(Gross equivalent)		13.6p	21.3p

NOTES
1. Change of accounting dates
a) Following the change of accounting dates of Lloyds Bank International Limited and certain other subsidiaries from 30 September to 31 December, figures for the six months ended 30 June 1983 have been restated to include the results of those companies for the six months ended 30 June 1983 instead of for the six months ended 31 March 1983 as previously published.
b) As stated in the Group's 1983 Report and Accounts, Lloyds and Scottish Plc and The National Bank of New Zealand Limited are changing their accounting dates this year from 30 September and 31 October respectively to 31 December. The Group's results for the six months ended 30 June include figures for the six months to 31 March for Lloyds and Scottish Plc and for the six months to 30 April for The National Bank of New Zealand Limited.

2. Provisions for bad and doubtful debts			
The charge to profit and loss account comprises:	6 months ended 30 June 1984	6 months ended 31 Dec 1983	6 months ended 30 June 1983
	(£ million)	(£ million)	(£ million)
Specific			
Domestic	46	50	37
International	24	40	16
General	70	90	53
Total	140	180	106

3. Taxation
The charge for taxation assumes an average UK corporation tax of 46.25% for the year (1983: 52%) and takes account of deferred taxation on all timing differences other than those considered likely to continue for the foreseeable future; the effect of not providing for deferred taxation on continuing timing differences has been to reduce the taxation charge for the six months ended 30 June 1984 by £6 million (1983 first half: £51 million, second half: £31 million).

4. Extraordinary items
As announced at the annual general meeting, following changes in the basis of capital allowances set out in the 1984 Finance Act, an additional provision of £465 million has been made as an extraordinary item, of which £340 million relates to deferred taxation in respect of timing differences to 31 December 1983 and £125 million to the effect of reduced rentals from leases with tax variation clauses. An amount equal to the extraordinary charge of £465 million has been transferred to the profit and loss account, comprising £434 million from reserves and £31 million from minority interests.

5. Earnings and dividends per share
Earnings and dividends per share for 1983 have been adjusted to take account of the capitalisation issue of one new fully paid share of £1 for every five shares held on 1 June 1984.

6. Consolidated balance sheet			
(Historical cost basis - unaudited)	30 June 1984	31 Dec 1983	30 June 1983
	(£ million)	(£ million)	(£ million)
Assets employed			
Cash and short-term funds	6,592	5,412	5,195
Cheques in course of collection	688	517	541
Investments	1,276	1,134	1,033
Advances and other accounts	33,275	30,300	28,896
	41,831	37,363	35,665
Trade investments	202	195	174
Premises and equipment	906	874	849
	42,939	38,432	36,688
Financed by			
Liabilities			
Current, deposit and other accounts	39,823	35,523	33,962
Current and deferred taxation	586	188	166
Dividend	22	35	20
	40,431	35,746	34,148
Loan capital	578	386	370
Minority interests	75	107	106
Share capital and reserves			
Issued share capital	235	194	194
Reserves	1,620	1,990	1,870
	1,855	2,184	2,064
	42,939	38,432	36,688
US dollar/£ sterling exchange rate	\$1.356	\$1.485	\$1.527



A full copy of the interim statement is available from: The Secretary, Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

AMERICAN NEWS

Congress in probe over government farm loan

CONGRESSIONAL investigators have begun a preliminary inquiry into details of a low-interest government loan to a business partner of U.S. Agriculture Secretary John Block...

Blood brothers... or sporting stags at bay

"WHY SHOULD we hate each other? We need each other—that's for sure." The words are those of Jürgen Hingsen, world record holder in the decathlon...

He should be favourite for the gold, but is not, mainly because of the superior competitive qualities of Thompson, who formerly held the world record...



metres. Thompson can run about 10.5 seconds, Hingsen around 10.7. A 50-point lead for Thompson.

12 noon: pole vault. Perhaps the key event, Thompson can clear 17 feet, Hingsen about 16 feet. Perhaps a swing of 70 points to Thompson.

(javelin), Mike McLeod (10,000m) and Kathy Cook (400m). British did not go well for British star Steve Ovett, last in the 800m final...

Mondale set to renew attacks on Reagan over budget deficits

A CAMPAIGN, through five states, was started by Mr Walter Mondale, the Democratic Presidential challenger, yesterday who plans to renew his sharp attacks on President Reagan for failing to tackle the country's high budget deficit.

Latin American leaders to discuss debt

Latin American presidents attending the presidential inauguration of Sr Leon Febres Cordero in Ecuador on Friday will discuss debt and possible changes in foreign investment rules...

The meeting brings together U.S. vice-president George Bush, Sergio Ramírez of Nicaragua, and the presidents of Colombia, Argentina, Bolivia, Ecuador, Venezuela and Panama.

Costa Rican police clash with strikers

Costa Rican police have clashed with striking banana workers trying to prevent other workers treating diseased plantations hit by a four-week-old strike.

Early restart of Falkland talks 'unlikely'

Robert Graham interviews Argentina's Foreign Minister

AN EARLY RESUMPTION of talks between Argentina and Britain is unlikely after last month's abortive meeting in Berné, Sr Dante Caputo, Argentina's Foreign Minister, said.

In an interview in Buenos Aires with the FT—the first to a British correspondent since talks broke down—Sr Caputo said: "I envisage no immediate follow-up."

Observers expect both sides to wait until after the UN General Assembly annual meeting in the autumn and for Argentina to conclude an agreement with Chile over the Beagle Channel.

Nicaragua lifts bulk of rules on emergency

Low key

THE NICARAGUAN Government has lifted the bulk of all the regulations relating to the State of Emergency originally introduced in 1982.

The only restrictions on civil liberties remaining in force relate to arrests directly linked to guerrilla and terrorist activities.

The move follows discussions held over the past two weeks between the seven political parties registered to fight the November elections.

Nigeria's formal offer to foreign suppliers may bypass agencies

U.S., Canada go-ahead for naval system

NIGERIA will soon proceed with a formal offer to settle its trade debts with suppliers whose exports are insured by government agencies.

THE U.S. and Canadian Governments have given the go-ahead for full-scale engineering development of an intra-red naval surveillance system designed by Spar Aerospace.

Known as the AN/SAR 8 project, the electro-optical ship-borne system is designed to complement radar for both defence and navigation purposes.

Work started on the surveillance system in 1978. It is in charge of Greek participation in the project, says that the terms agreed mark a new departure for Soviet-backed industrial projects abroad.

W. Germans improve terms of tank offer to Switzerland

Greek-Soviet ties improve after accord on \$450m alumina plant

KRAUSS MAFFEL, the Munich arms manufacturer, has improved the terms of its offer to sell 210 Leopard-2 tanks to Switzerland.

Work started on the surveillance system in 1978. It is in charge of Greek participation in the project, says that the terms agreed mark a new departure for Soviet-backed industrial projects abroad.

U.S. seeks to plug Iran loophole

Japanese plea on unitary tax

THE Reagan Administration is examining the amendment of regulations governing trade with Iran because of loopholes which have permitted the Commerce Department to authorise the export of Jeeps and aircraft parts to the country.

Following newspaper reports that the Commerce Department had approved the sale of 100 Jeeps, the return of two refurbished Boeing 707 military jets, and the sale of two F4U Corsair fighters, the State Department said that the Administration has been considering amending existing export regulations.

They said Mr Takeshita's request was in response to a letter from Mr Reagan last week in which he said he had recommended to President Reagan that the tax should apply only to the U.S. activities of U.S. multinationals.

They said Mr Takeshita's letter expressed concern that the recommendations still leave open the possibility of unitary tax being levied on U.S. branches or subsidiaries of non-U.S. companies.

WORLD TRADE NEWS

Debate over rupee trade with Russia

Greek-Soviet ties improve after accord on \$450m alumina plant

THE subject was debated at a seminar on Indo-Soviet trade held here last week by the Commerce Ministry officials, planning Commission members and representatives of trade and industry.

Another point emphasised by several participants was the need to diversify India's imports from the Soviet Union. Imports from the Soviet Union were mainly concentrated on oil and fertilisers.

Prof Jayashankar of the Jawahar Nehru University, a noted expert on Soviet affairs, wanted trade surpluses to be converted into free currency. He also wanted the Soviet Union to ensure stable and steady purchases from India.

Dr Jaydayal Sethi, a former Planning Commission member, warned against India's establishing permanent economic trade relations with the Soviet Union.

Political analysts in Athens, noting that Dr Andreas Papanicolaou's socialist (Pasok) party suffered heavy losses in the recent Euro-elections, predict that the Prime Minister may try to strengthen his hitherto unofficial co-operation with the pro-Moscow Greek Communist Party.

Government and opposition leaders agree on the need to boost trade ties with Moscow, particularly in the fields of mining, energy, shipbuilding and agriculture.

The alumina deal, for example, offers the Soviet Union a steady supply of alumina for its extensive aluminium industry, while it gives Greece the opportunity to boost exploitation of its bauxite deposits, which are the largest in Europe, and to obtain technical expertise in heavy industry.

Dr Papandreu... opponent refers to marriage of convenience.

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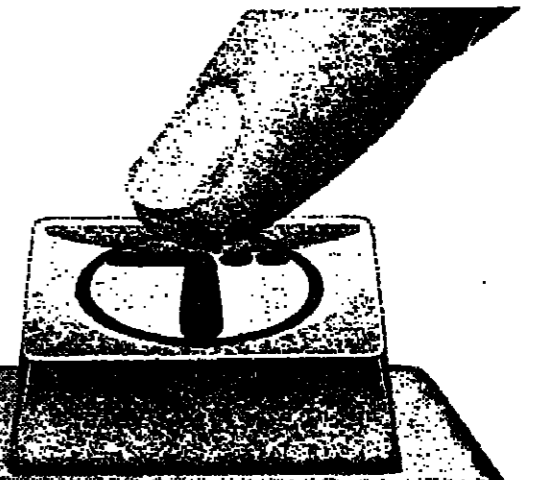
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Keep pressing for gold



On Monday night, Tessa Sanderson's javelin throw earned a third gold medal for Britain in the 1984 Olympic Games.

British Telecom is playing a major part in putting the action on your television screen — as it happens.

Our Earth Stations are relaying this year's Olympics to over 20 European countries.

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UK NEWS

Austin lifts output with £20m investment

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER yesterday revealed details of a £20m investment at its Swindon body pressing plant that has contributed to a 300 per cent improvement in productivity. The new technology has also boosted the labour force from 3,000 to 3,400 in just 12 months.

The Swindon factory, which presses most of the body panels not only for Austin Rover's volume cars but for Jaguar, has changed beyond recognition in the past year, according to Mr. Brian Fox, the manufacturing director.

He said technologies never before seen in the UK car industry had been analysed and tested in the most rigorous of environments. "Swindon is becoming a showcase of modern press technology - among the most advanced large-scale plants of its type in Europe."

Mr Barr said the first product to feel the full effect of Swindon's new technologies would be "project XX" the executive car being developed in partnership with Honda of Japan. The car is expected to go into production at Cowley, Oxford late

next year ready for launch in the spring of 1986.

Mr Barr reported that both companies had designed and developed their own exterior and interior styles and work was already well under way at Swindon on the production of the press tools to stamp out panels for the Austin Rover derivative.

Mr David Amos, director of press and tooling, said an important factor in the productivity improvement at Swindon had been the receptive-

ness of employees to new technology and work practices.

Jean Gray construction correspondent, writes: Industrial building is tipped as the construction industry's star performer in the latest forecast from the National Council of Building Material Producers. While overall construction output is expected to grow only 3 per cent this year the BMP is describing the growth in new industrial orders as "astonishing" and expects private industrial building to grow by 12 per cent in 1984.

Big league 'still open' in computer-aided design

BY RAYMOND SNOODY

EUROPE NEEDED to mount an international initiative in computer-aided design (CAD) if the dominance of the U.S. was to be challenged, according to a major study from Sussex University.

Mr Erik Arnold, a Sussex research fellow, argued in the first of a series of studies on new European industries that there was still a chance that Europe could enter the "big league" in computer-aided design.

To do so it would probably mean that governments would have to be "willing to cast aside their chauvinism and back the European initiative with both financial and political will."

CAD is the use of computer screens for design, often in three dimensions. It has applications in every sector of manufacturing industry.

Mr Arnold argued that many robots, particularly those used in the aircraft and automobile industries,

were so complex that they could not be designed without CAD.

CAD was a strategic building block of computer-integrated manufacturing in the factory of the future, he said.

"If Europe is to remain competitive in today's world of high technology, there is need for European capability at the leading edge of technologies such as CAD," Mr Arnold argued in the study, Computer-Aided Design in Europe.

Yet policy in many European countries appeared to be contradictory. Attempts to encourage the use of CAD in manufacturing industry could have the effect of strengthening the position of U.S. suppliers in national markets, making it very difficult for European companies to enter the market or survive.

Britain, France and Germany had less than half the U.S. number of CAD systems per capita, although the position was a little better in Norway and Sweden.

The U.S. dominance of a market worth \$1.5bn last year - meant that U.S. manufacturers had cheaper access to CAD technology.

High levels of European expertise in CAD design had not led to commercial success. U.S. companies had picked up many of the best "plums" through takeovers, mergers and market arrangements such as CIS (UK), which was bought by ComputerVision; Compeida (UK), bought by Prime Computer; and Celia (France), marketed by IBM.

Changes in computer technology were providing an opportunity for smaller European suppliers of CAD systems, Mr Arnold said.

The large U.S. companies were having to "unbundle" the hardware and software parts of their systems and sell them separately.

Computer-Aided Design in Europe, Sussex European Research Centre, University of Sussex, Brighton; £10.

Distillers whisky plants to close

DISTILLERS COMPANY is to close its White Horse and Vat 69 blending and bottling plants in Glasgow and South Queensferry, near Edinburgh with the loss of 715 jobs.

It is the biggest single closure in the Scottish whisky industry for many years. Distillers said closures were necessary to enable the companies to operate more efficiently.

From March next year, White Horse will be blended and bottled at the Johnny Walker Shisland plant in Glasgow, which opened in 1978. The White Horse plant at Mackie Street will close. Vat 69 will be produced at the James Buchanan plant at Stepps, near Glasgow, and the Sanderson plant in South Queensferry will close.

The whisky market has been flat since the early 1970s after a 10-year period with about 8 per cent annual growth.

● BEECHAM, Britain's largest consumer products and pharmaceuticals group, has received approval to sell its new antibiotic, Augmentin, in the U.S. The approval by the U.S. Food and Drug Administration yesterday paves the way for Beecham to make a major attack of the U.S. oral antibiotics market, worth around £1.1bn.

The anticipated approval of Augmentin is now believed to be the major reason for the heavy U.S. buying of Beecham shares in the last week, which helped to push Beecham's shares from about 200p to over 340p this week. The shares closed last night at 335p.

● THE INFLATION rate and unemployment are set to increase until the end of the decade, the Henley Centre for Forecasting predicts in its latest economic outlook.

The centre is predicting slow growth of just over 2 per cent for the UK economy this year and next, falling off to about 1½ per cent a year for 1986 and 1987.

● LONDON EUROPEAN Airways, a new airline for business travellers, has won a licence to fly between Luton, Bedfordshire, and Amsterdam.

The licence was awarded by the Civil Aviation Authority, and London European Airways plans to start services from Luton in February next year. The aim is to carry about 30,000 passengers in its first year.

All of these securities having been sold, this announcement appears as a matter of record only.

\$200,000,000



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Subordinated Exchangeable Variable Rate Notes due 1994

The Subordinated Exchangeable Variable Rate Notes due 1994 will bear interest at the rate of 14% per annum from August 8, 1984 through October 31, 1984, and at a rate per annum for each quarterly period thereafter equal to the highest of (i) the Three Month Treasury Rate plus 300 basis points (ii) Three Month LIBOR plus 175 basis points and (iii) 104% of the Ten Year Treasury Rate. The Variable Rate Notes will be exchanged on August 1, 1985 for Subordinated Fixed Rate Notes, unless earlier so exchanged at the option of the Company on any interest payment date. The Fixed Rate Notes will mature on August 1, 1994 and will bear interest at a rate per annum, determined as of the exchange date, pursuant to a formula set forth in the Prospectus Supplement. Interest on the Variable Rate Notes and the Fixed Rate Notes will be payable quarterly, with interest payments on the Variable Rate Notes commencing November 1, 1984.

Drexel Burnham Lambert
INCORPORATED

August 1984

Televising of Lords to begin in 1985

By Peter Riddell, Political Editor

THE TELEVISIONING of the House of Commons has been brought closer by proposals that some of the House of Lords proceedings should be broadcast as an experiment from next January.

The Sound Broadcasting Committee of the Lords recommends a six-month experiment during which the BBC and the Independent Broadcasting Authority should be allowed to televise proceedings on occasions chosen by themselves.

The committee's proposals are expected to be ratified by the House of Lords in a debate shortly after the Queen's Speech in November.

The Conservative leadership at Westminster believes that if the Lords experiment succeeds, there will be irresistible pressure from MPs to televise the Commons.

The suggestion is that MPs will not want to be upstaged by the sight of peers on their constituents' television screens. Moreover, ministers may be reluctant to see some government defeats in the Lords dominating evening news programmes.

Court challenge to ex-Howden directors

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO FORMER directors of Alexander Howden Underwriting resigned from Lloyd's, the London insurance market, to avoid disciplinary proceedings in which they have been charged with dishonest misappropriation of Alexander Howden Group funds, it was alleged in the High Court in London yesterday.

Mr Andrew Morritt, QC, for Lloyd's, said that Mr Jack Carpenter and Mr Alan Page - two of the so-called Howden "Gang of Four" - had purported to resign on April 12 because they knew disciplinary proceedings were being started against them.

Lloyd's is opposing a claim by Mr Carpenter and Mr Page for a court ruling that Lloyd's has no jurisdiction over them because they have resigned.

Lloyd's contends that the resignations were ineffective and has refused to accept them. It also says that, even if the two had validly resigned, it would still have power to proceed against them over alleged acts committed while they were still members. Disciplinary hearings are due to begin in November.

Mr Morritt read evidence in

which Lloyd's chairman, Mr Peter Miller, said that Mr Carpenter and Mr Page had been charged with extremely serious offences and that it was of the utmost importance that the proceedings against them went ahead.

If the two were guilty it was vital in the interests of the Lloyd's market and its members that they be disciplined, and be seen to be disciplined, as quickly and efficiently as justice would allow, Mr Miller said. Equally, if they were not guilty, they should be acquitted as soon as possible.

Mr Miller said that the matters involved in the case had been the subject of extensive comment, not only in the City of London and the press, but throughout the world.

"It is vital to put an end as rapidly as possible to matters which have undoubtedly caused damage to the international reputation of Lloyd's."

Mr Merritt said that if Mr Carpenter and Mr Page were correct, anyone facing disciplinary proceedings by Lloyd's could resign unilaterally and so bring the whole thing to a halt.

The hearing continues.



SEND REINFORCEMENTS,
WE'RE GOING TO ADVANCE!

SEND REINFORCEMENTS,
WE'RE GOING TO OUR AUNT'S!

SEND THREE ENDORSEMENTS,
WE'RE GOING TO FRANCE!

SEND THREE AND FOURPENCE,
WE'RE GOING TO A DANCE!

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ICL

TECHNOLOGY

DOCTORS DISAGREE OVER PHOTORADIATION Debate rages over novel cancer treatment

BY PETER MARSH

DOCTORS in the U.S. and Britain are divided over the effectiveness of a novel treatment for cancer in which porphyrin dyes are injected into the blood stream and are then illuminated with laser light.

Medical workers in both countries agree that the technique, called photoradiation therapy, appears promising and warrants further study. While some doctors say large-scale clinical trials should start without delay to test the therapy on patients, others urge caution. This is on the grounds that the biological mechanism behind the treatment is still poorly understood and that the technique may produce undesirable side effects.

Leading the efforts to win acceptance for photoradiation therapy is Dr Tom Dougherty of the Roswell Park Memorial Institute in Buffalo, New York. He has set up a company called Photofrin Medical that makes the dye used in the treatment. In the therapy, a mixture of haematoporphyrin derivative (HPD) is injected into the blood stream. The chemicals lodge in or near tumours.

Radiation from red laser light, for example from an argon dye laser, interacts with the material to produce poisons which destroy the cancerous tissue.

Scientists still have to resolve basic questions about the treatment. They do not know with precision:

- The nature of the active constituents of HPD and whether other drugs, which may still have to be developed, do a better job.
- Why the chemicals reside near cancerous as opposed to normal cells.
- The mechanism that releases the poison, so killing the cancer.
- Whether the treatment may produce unwanted effects. For example, clearing out a tumour site with photoradiation therapy could leave a large cavity which does not heal. This may produce a weakened part of the body, for example a damaged membrane in the lung or bladder, that is likely to collapse.

In work that started in 1976,

Dr Dougherty has produced dyes with which 2,000 cancer patients around the world have been treated. Half of these people have been in the U.S.—the rest in Europe, China and Japan. About 30 medical centres in the U.S. are experimenting with the therapy.

Dr Dougherty says that the technique is safe and effective. He appears to be happy with the model worked out for the therapy's scientific basis (see box). "You can't necessarily know everything about a form of medical treatment before you agree to use it."

Dr Dougherty does not claim that photoradiation therapy has cured anyone. As the treatment is so novel, doctors have generally applied the treatment to cancer patients only after more conventional techniques have failed and the disease has reached a terminal stage.

He says the therapy has achieved significant results in arresting cancers in localised parts of the body. Doctors have tried out the technique on cancers of the lung, bladder, head and neck, brain, skin and colon.

The best results have been from trials at Tokyo Medical College in Japan. There, says Dr Dougherty, physicians have applied the technique to patients suffering from the early stages of cancer. As a result of the work, doctors have achieved "long-term control" of the disease in some patients.

Some of the question marks over the treatment may be resolved by controlled trials just starting in the U.S. The trials will monitor about 300 patients, half suffering from bladder cancer and the rest from cancers of the lung.

For each of these two types of patient, half will be treated with photoradiation therapy, and the other half with conventional techniques such as radiation treatment or attempts to control cancer growth with drugs. The others will undergo photoradiation therapy. This work should clarify just how well the new method works in relation to the established techniques.

Similar work may soon begin in Britain. A working party of the Medical Research Council's cancer therapy committee is due to decide by October

whether to fund British medical groups to try out the therapy on patients in controlled trials.

Until now, dyes made by Photofrin Medical have been tested on just a handful of patients in the U.K. Doctors in charge of the work have had to gain a special import licence. The materials are classified by the U.S. Food and Drug Administration as being for restricted use.

Dr Stephen Bown of University College Hospital in London argues that before the therapy is tested on people, researchers must do more experimental work to determine the mechanism that drives the treatment. He says that doctors should not devote all their efforts to HPD but should try out with photoradiation therapy other drugs that may be more effective.

Backed by the Imperial Cancer Research Fund, Dr Bown is pursuing this research by experimenting with other porphyrin derivatives. He intends to test the chemicals on laboratory rats before trying out the drugs on people.

In other work, the ICRF is supporting scientists at the Royal Institution in London who are trying to synthesise new drugs for photoradiation therapy.

According to Dr Bown, some at least of the effects of photoradiation therapy may be unrelated to HPD. It may instead be due to the laser light gently heating up the cancerous tissue. Doctors have known for years that heat of this kind kills off tumours, though the reasons are poorly understood.

Dr Bown says that laser heating without drugs may prove to be better in some cancer cases than photoradiation therapy. This is particularly where malignant cells have infiltrated deep into the body.

Where cells are destroyed by heat from a laser, the void that results is at least partially filled by a scar formed by the growth of healthy cells. This produces a stronger piece of tissue than the equivalent treatment using photoradiation therapy.

Dr Morris Borenbaum of London's St Mary's Hospital is



Dr Morris Borenbaum of St Mary's Hospital preparing to examine cells for damage after irradiation

also working on new forms of chemical for photoradiation therapy. He says that for three reasons HPD is far from ideal. It contains only a small amount of active constituent—the rest is a mixture of other chemicals that add nothing to the treatment.

Second, the concentration of the chemicals in the mixture often varies between different batches of HPD, making de-

tailed scientific tests difficult. Finally, HPD absorbs light most strongly (and so exhibits its greatest capacity to kill cancers) at an inconvenient place in the spectrum. This is at the "blue" end of the visible range. Unfortunately, human tissue is largely opaque to this kind of radiation. So doctors have to use with the therapy red light, which passes easily enough through tissue but is

absorbed by HPD relatively weakly. Collaborating with Dr Borenbaum is Professor Ray Bonnett, an organic chemist at Queen Mary College, London. Prof Bonnett makes in his laboratory HPD as well as other porphyrins that could form alternatives to the material. He is talking to drug companies about setting up a commercial operation to sell the chemicals.

How photoradiation therapy works

PHOTOFRIN MEDICAL, the U.S. company that is the main supplier of haematoporphyrin derivative (HPD) for medical treatment, sells the drug in two forms. Photofrin-1 is basic HPD and costs \$90 for a 30 ml bottle. (To treat a typical patient would require two bottles.)

Photofrin 2, the second product, is a concentrate of what is thought to be the main active ingredient of HPD—dihydrohaematoporphyrin ether (DHE). One bottle cost \$130—the patient still needs two doses but is claimed to obtain a better result.

HPD is made by mixing haematoporphyrin, a commercially available chemical produced from blood, with sulphuric acid and acetic acid. HPD is thought to be a mixture of up to 50 chemicals. DHE is isolated in a chemical process, details of which Photofrin Medical wants to keep to itself.

Injected into the blood stream, DHE appears to lodge in or near cancerous cells. No one really understands why

this is so. According to one theory, the chemical is selectively absorbed by endothelial cells, the kind which form the lining of blood vessels.

Scientists think that the growth of cancer cells triggers a similar mushrooming of tiny blood vessels that feed the malignancy. As a result, the area around tumours contains a greater number of endothelial cells than most other parts of the body. For this reason, DHE appears to prefer the locality of cancer cells to other areas that mainly contain healthy tissue.

The preference of the DHE for cancer cells is, therefore, not as great as scientists would like. For instance, researchers have found that DHE is also strongly absorbed in the liver, which like tumours contain a large proportion of endothelial cells.

When illuminated by photons of a specific frequency (most doctors have used red light at 630 nanometres), the organic DHE molecule appears to break up, giving oxygen atoms in the

singlet (high energy) state. This, so researchers believe, has a disruptive effect on cell membranes.

Some medical workers think that the "poisoning" produced by these oxygen atoms does not attack the tumours themselves. Rather, the blood vessels in which endothelial cells reside may collapse, starving the tumours from blood and so destroying them indirectly.

Medical opinion is far from united over how photoradiation therapy works. But everyone agrees it may be possible to synthesise drugs for use in the therapy that work better than HPD. The chemicals would:

- Lodge in cancer cells more selectively
- Absorb strongly light to which human tissue is translucent
- Have no toxic effects
- Be capable of manufacture under controlled conditions in which the exact constituents of any mixtures are known.

EDITED BY ALAN CANE

Photography Electronic still camera

CANON, the Japanese camera and office equipment group, is testing an electronic still camera at the Los Angeles Olympics.

The portable camera, designed for professional users records colour images electronically on a magnetic disc. This information can be transmitted by equipment that can convert them into television signals or send them down the telephone line.

It is similar in concept to a camera unveiled by Sony in Japan. Canon's equipment was developed in collaboration with Texas Instruments of the U.S.

Office Systems

Merlin's word processor

BRITISH Telecom Merlin has launched a word processor range. Designated the M400 WP series, it is aimed at the business market. Two products in the range are available one which supports dual floppy disk and another with a single floppy disk and a 10Mbyte hard disk.

BT Merlin plans to offer in future computer operating systems such as MS-DOS, CP/M-86 and concurrent CP/M-86, so that the word processor can also carry out computer tasks. More details on 0344 56661.

Banking

ATMs from Olivetti

PORTUGAL'S 12 leading banks are to install a network of automatic bank tellers. Supplied by Olivetti, a pilot scheme will be operating by September this year with completion of the full project in March 1985.

A total of 200 ATMs will be operating throughout the country within two years. The initial cost of the network is U.S.\$2m.

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Energy

Temperature control of 2,000 rooms

Cheltenham-based Servicon Dynamics has launched an hotel energy management system which can provide temperature control for up to 2,000 bedrooms.

The temperature in each bedroom can be separately controlled through the company's Microtec system. It continuously monitors temperature so that individual room heat can be altered from an hotel's reception desk.

The London International hotel in Kensington has 415 bedrooms connected to a Microtec system linked to the hotel's booking computer. When a guest leaves, the heating in that room is shut off. The hotel is projected to save £23,000 in heating bills in the first year. More details from Servicon Dynamics on 0242 526213.

Astronomy

The sky is the limit

Astronomical buffs may be interested in an education program from Mirrosoft called Star Seeker. Published in association with the London Planetarium it shows the most prominent stars in the night sky from any point on the Earth's surface.

Data on individual stars, constellations and the rotation of the Earth are all available on the BBC B micro-computer with versions for the Spectrum and Commodore 64 coming out in the autumn. Price of the program on cassette and disk are recommended at £9.95 and £12.95, respectively.

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MAS WELL TREAT YOU LIKE GOLD

David Jenkins and Alan Pike present different aspects of state-initiated measures to improve industrial training

The skill shortage: does it exist?

BRITAIN'S Manpower Services Commission maintains that there is a serious skill shortage in the country's technology industries. Only last week it announced a range of intensive training courses designed to ease the problems for companies which "are increasingly looking for engineers and technicians who can take a systems approach to manufacturing problems and who have a knowledge of electronics and computing," according to MSC chairman, David

Young. But does the shortage really exist and is the main thrust of training directed to the right places? Also, are companies really aware of what type of training they need to initiate in order to absorb technological change? David Jenkins, a consultant on training, casts doubt on some of the accepted wisdom about training needs and outlines the evidence which he believes supports his argument.

TWENTY years ago the state made its first intervention in the field of manpower planning with the creation of the Industrial Training Boards. The trigger for this move was the notion that there was a need for a national pool, or reservoir, of skills and that it must be constantly topped up. The purpose of the ITBs was to remedy the "skill shortage" of the time.

Seven years later, the boards' first official progress review showed that despite the huge sums of money spent to provide incentives to employers to recruit, the annual intake of apprentices was no higher than before the boards were set up.

This should have prompted some searching questions about official assumptions. In fact there were none. Instead, the official prognosis was this: the ITBs had lacked the clout to crack the problem. The need was for a national agency armed with the necessary power. The outcome was a training agency (the TSA)—which was rapidly absorbed by the newly formed Manpower Services Commission. But the problem declined to go away.

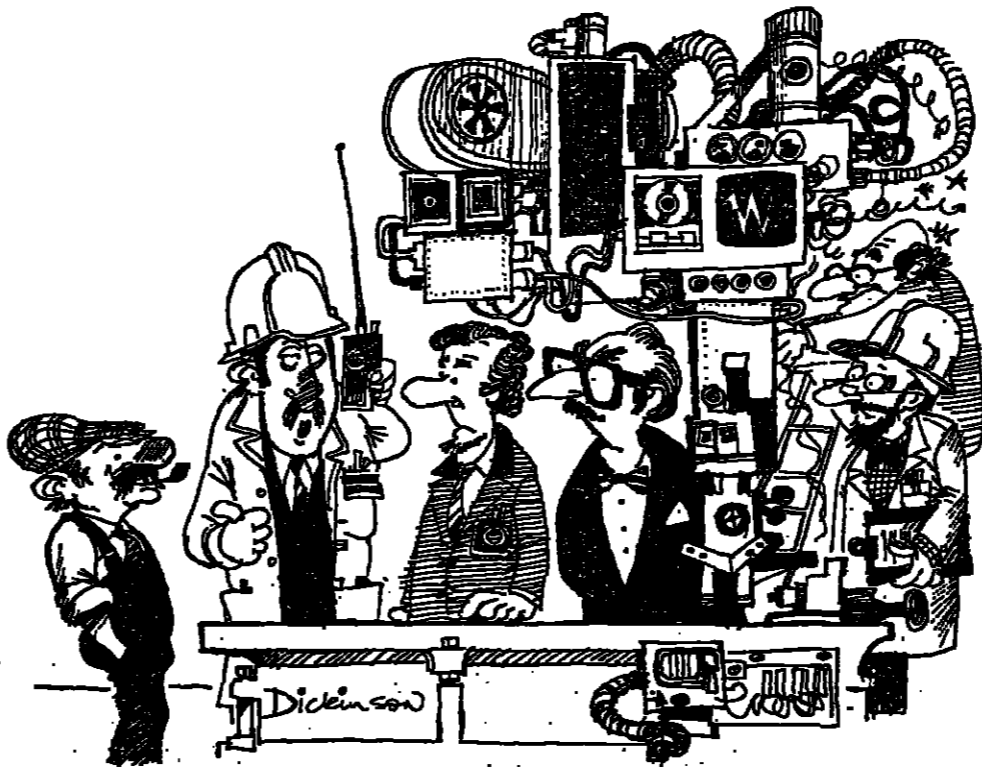
Ever since the 1950s the focus of talk about skills shortages has been the engineering industry. Until recently (though it is no longer the case) the Engineering Industry Training Board was locked into the belief that a national reservoir of skills was needed. The concept of such a reservoir was, and still is, marred by two flaws. First, the lack of an accepted definition of skill (in part the result of the survival of trade union customs) made it impossible to gauge the size of the reservoir. So while the amount of supply was known (the number of apprentices engaged) no one could judge whether it was insufficient (the official view), whether it was

just right (the official aim) or whether it was overflowing (a possibility that officialdom declined to contemplate).

The other snag was that it encouraged a focus on traditional mechanical and electrical skills, and neglected the effects on skill of changes in technology. The snag is that the substance of the change recently brought by the EITB's major critics who have become increasingly vocal since the Government decided that it should be spared the axe that chopped most other boards, and that the cost of supporting it should shift from the Government to the employers.

The critics include some of the largest engineering employers including Ford, GEC and Plessey. The essence of their case is that the needs of high technology are special and that they have been ignored. The High Tech scenario is not altogether new. Its first incarnation was the "white heat of technology" platform of the then Harold Wilson in the 1960s, an idea that argued that the answer will be found in the creation of a national agency charged with the mission to cure, once and for all, the national skill famine.

The events of the past 25 years prompt some questions. We have been regularly reminded that there is a skills shortage. But how real is it? Past events counsel caution. In the late 1970s, the MSC sponsored an examination of specific cases. In each instance close scrutiny showed that no shortage existed. How accurate then is this picture of a high tech scenario moving at a speed that precludes prediction and which has a swift impact on jobs? One of the few pieces of solid research, carried out by the University of Warwick and sponsored by the EITB, showed that as a rule technical change works its way slowly through the production process, affording enough time to forecast the effects on future skills. Quite apart from this, random observations remind us that even in high tech companies many, if not most, jobs remain no more demanding than they were before. For the past 20 years it has been the received truth that ensuring an adequate supply of key skills is the proper role of Government, to be executed by its agencies. It is underpinned by the assumption that action at macro level can resolve the problem; conversely, that the issue is too intractable for individual companies to handle. How well founded is this view? Events have shown that there are drawbacks to viewing skills primarily within a national context. There is a risk that agencies—be they ITBs or the MSC—become remote from the reality of the coalface. They can be misled by their own concepts and language. Take technicians. Part of the current clamour is that they are in short supply. "Technician" is used as an occupational label. What does a technician do? What he does is distinguished from the work of a craftsman or operator. The work is assumed to be at a higher level and hence more regularity to do it. Yet in fact the



"Aston, Salford and Cambridge universities all agree with Arthur here—give it a tap with a hammer"

work of many technicians is fairly routine. It often takes no great skill to work with automatic test machines. Yet the humble shopfloor fitter—who is not deemed to be a technician and whose job it is to repair machines—will use diagnostic skills that are assumed to be the essence of the technician's role. Such labels conceal the skills that are really needed to set work done.

Then again, the facts do not accord easily with the spectacle, recently publicised, of "leading engineering" companies pushing back "the frontiers of technology" but hamstringed by the absence of scarce expertise. Admittedly there are not sufficient people with certain specialised knowledge and skills, but firms are often inarticulate about what they need. It is not enough for company officials to claim (as they have done) that their firms need X hundred graduates. If the universities could but produce them. The picture has been overdone. There are companies that routinely over-recruit to all handloom jobs that exist within high tech firms. One cannot but remark on the persistence of reports—aneccotal though they may be—of extended pub lunch breaks for graduates who have insufficient work to do. Such

reports appear to support the view of the employers (concocted in the MSC workshops leading to its publication of "Training for Vital Skills") that often the issue was less one of shortage than of making better use of people already employed. Less contentious perhaps is the fact that some employers have given insufficient attention to the likely effects of technology on jobs and skills. Adding computerised components to an appliance may require new skills on the part of the engineers who have to provide after sales service. Such updating does not always take place. Return on investment will be slow on costly computerised manufacturing systems if the firm's engineers lack the skills to maintain it. Such delays are not uncommon.

Omissions such as these serve to flesh out the recent findings of the National Institute of Economic and Social Research that British employers spend less on training than their competitors abroad. It is in the national interest, the report contends, that British employers invest in more training. Yet the multi-million pound carrot of the ITB's proved to be an expensive failure. Lessons from the recent past suggest that changes are unlikely to be had by the use of penalties and re-

wards. This leaves but one option: to change employers' attitudes.

What then should be the aim of such an exercise in persuasion? Investment in training is not the only imperative. The need first is to forecast the skills that will be needed in the short term as a result of technical change. There is nothing arcane about this task. The requirement is not elaborate paper-work systems, driven by experts claiming exotic expertise: all that has to be done is to determine what work will need to be done, and the skills it will need. Humdrum this may sound: yet without this detailed homework employers will continue to be caught unprepared, and caught unawares they will be tempted to join the hue and cry about shortages of skill.

Yet it has to be remembered that success depends on one cardinal factor. Employers are unlikely to be persuaded that this is the right policy until they are weaned away from the belief that their manpower problems can be solved by the magic of national initiatives. If there is one lesson to be learned from the events of the past 25 years it is that the key to the skill problem lies largely in their own hands.

D. J.

Move to identify employers' need

LOCAL Collaborative Project is a phrase which is more likely to provoke blank looks than confident understanding. But it describes a scheme which, if successful, will make a valuable contribution towards identifying and meeting employers' adult training needs in the UK where it really matters—at local labour market level.

A £1.3m programme to fund more than 50 pilot projects is being administered jointly by the Department of Education and Science and the Manpower Services Commission. But the local collaborative project title refers not to collaboration between the two Whitehall departments—worthy and welcome an objective as this is—but between industry and education locally.

The money is not available to finance actual training, but to support schemes which will help employers identify training needs and meet them in active co-operation with local colleges and other providers of vocational education and training.

Simon Sperry, chief executive of the Northamptonshire Chamber of Commerce and Industry, has quickly recognised that the idea fitted well with work already being done in the county to link industry and education. Following discussions with the county council, colleges and employers the chamber has applied to run one of 15 large scale pilot projects proposed under the scheme. These will each receive funding of up to £50,000 a year.

Promoters of the Northamptonshire scheme, which is now being considered by the MSC and DES, believe the county is uniquely suitable for experiments of this sort. It contains two expanding towns, two enterprise zones, a rural development area and the only assisted area in the Midlands. The Northamptonshire plan is to create a computer-based system which will provide a continuing source of information on training needs of employers in the county, and identify gaps in provision.

It would begin with audit of all existing training provi-

sion—not only in colleges, but in the MSC's Skillcentres, companies' own training centres, trade and professional associations and private training organisations. The data base would then fuel an inquiry service to link employers and would-be trainees with available training facilities, whether in the public or private sector. Gaps would be identified—and hopefully filled—when inquiries were made about training needs which existing resources could not meet.

"It is at local level that skill shortage problems have to be tackled, and the most fruitful way of doing this is through a partnership of all the interests involved. We have plenty of experience in Northamptonshire of public and private bodies working together to tackle issues like these."

These previous experiences have led to the establishment of official channels to link local authorities, the chamber of commerce, Northamptonshire Enterprise Agency, trade unions and the MSC on economic and industrial development questions. A business-education liaison group was formed in 1979, with membership shared between the education service and the chamber of commerce's business education committee; to improve communication between the two communities.

On the basis of these past experiences it is proposed that the chamber should manage the local collaborative project, while the education authority is considering seconding a senior member of its management team as project director.

The economy of Northamptonshire has been transformed in recent years from one heavily dependent upon the steel and footwear industries to a much more diverse industrial base. This gives an exciting new opportunity but it is now more vital than ever to recognise and respond to training needs. We cannot just take it for granted that new skill requirements will somehow or other be met."

A. P.

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An Important Announcement

NEW ASBESTOS LICENSING REGULATION
From 1st August all those involved with asbestos stripping, removal of lagging or general demolition where asbestos is present, must obtain a licence in order to operate.

NEW BRITISH STANDARD BS5415—Appendix C sets out criteria for the design, construction and testing of 'Type H' industrial vacuum cleaners for dusts hazardous to health. These machines are approved for the collection of asbestos, finely divided silica, toxic metal dusts and highly active pharmaceutical products.

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ENERGY REVIEW

Why the French are masters of conservation

By Maurice Samuelson



The solar furnace at Odelle in the French Pyrenees. The movable mirrors (foreground) reflect solar radiation on the giant parabolic mirror, which focuses the rays on the furnace located in the white tower

THE MASS conversion of France's electricity industry is part of her determined bid to control her energy prices and to reduce dependence on outside fuel supplies. She is also seeking to cut oil imports by using other fuels, developing renewable forms of energy, and by burning her fuel more economically.

Although less spectacular than the nuclearisation programme, the efficiency drive is pursued with as much élan and with a degree of success evident in many other countries. Spearheaded by idealistic young technocrats, energy conservation has been given a strong impetus by the Mitterrand regime, which regards it as a useful way of creating jobs and encouraging more decision making by local government. Being less controversial than the nuclear programme, it enjoys wider public support, resting on a national consensus.

This is particularly striking at a time when France's energy consumption has been falling steadily for the past four years. She now uses the same amount of primary energy—including fuel for generating electricity—as in 1973 (175m tonnes of oil equivalent). The improved efficiency with which this fuel is used means that the final energy consumption is 33m toe less than a decade ago.

One would have thought this would have bred apathy over conservation. But French officials say it remains a live issue because the 1973 oil shock was not only about energy but about the waste of raw materials as a whole.

France's energy conservation policy is directed from a smart new office block near the international exhibition grounds at Porte de Versailles, in southern Paris. This is the headquarters of the semi-autonomous Agence Française pour la Maîtrise de l'Énergie. Literally it means French Agency for the mastery of energy, and it sounds just as strangely reserative in French as it does in English.

The assertiveness is warranted by the high marks France has been receiving for energy efficiency. In May, a report by the EC Commission officials showed that among Community members only Denmark had saved more energy than France in the industrial and housing sectors between 1973 and 1983. (Denmark had cut energy con-

sumption by 33 per cent and France by 25 per cent—the UK was in eighth place with a 17 per cent cut.) Nor was this due to the general decline in economic growth or only to structural change. Another European Commission report showed that between 1979 and 1981 France saved 13m tonnes of oil equivalent through energy efficiency measures compared with only 4m toe by the UK. In French industry, 84.4 per cent of the reduced energy demand was attributed to efficiency measures compared with 71.2 per cent of the savings by West German industry.

France's success must be at least partly due to the dirigiste tradition of centralised planning, pursued regardless of which party is in power.

Under a 10-year programme set at the end of 1981, the Government decided to cut the country's energy consumption by 40m toe a year by 1990. Half the savings were to be made in the housing and commercial sectors, while industry and transport would each try to save 25 per cent.

By 1990 oil was to represent only 30-32 per cent of energy use, compared with 48 per cent in 1981 and 66 per cent in 1973. Renewable sources of energy—solar, biomass, wind, geothermal—would triple their output from 3.4m toe in 1983 to 10-14m toe in 1990.

This would require an investment of Ffr 40-50bn a year, of which Ffr 30-35bn would be in grants and loans for conservation and Ffr 10-15bn would be for renewable energy development.

With investment at this level, the balance of payments would be cut by Ffr 440m a year; at 1982 oil prices, 330,000 jobs would be created by 1990 and gross domestic product would increase by 3.4 per cent. In order to implement this programme, the Government formed the AFME from an amalgam of other smaller agencies inherited from the Giscard administration. They included the main agency for administering industrial and domestic conservation grants and specialist bodies dealing with solar and geothermal energy.

The population ordered Ffr 40m worth of energy improvements and a further Ffr 10-15m of supplementary work, averaging almost Ffr 5,000 per household.

The AFME claims that Conflans will, as a result, save 4,500 toe a year, and cut its annual energy bill by Ffr 5m—or Ffr 800 per household.

Its eagerness to carry out similar schemes in every region of France is in line with the Mitterrand regime's desire to encourage greater decision making by the Conseils Régionaux, the main tier of regional administration.

The Government has ordered that roads, hospitals, housing and energy use be dealt with regionally rather than from the centre. But in practice the only aspect of energy policy which can be dealt with regionally is conservation.

The AFME and the Conseil Régional de la région de Conflans are now surveying the relationship is working well.

In true French style, the AFME complements its national activities with a vigorous overseas policy. This mainly revolves around France's lively solar energy industry which is eager to sell know-how and equipment to Third World countries rich in sun and poor in fuel.

France is developing three main forms of solar technology:

• "Bioclimatic" dwellings which absorb the maximum amount of sunshine.

• Sun-powered hot water systems, of which a leading example is now operating in Marseille's biggest hospital.

• Small generators powered by photovoltaic cells, suitable for homes in backward areas not linked to electricity grids.

Thanks to its wide-ranging success in this and other fields, France is attracting admiring glances from conservation lobbies in other countries.

The London-based Association for the Conservation of Energy, comparing the AFME favourably with Britain's more modest Energy Efficiency Office, recently concluded: "The French experience is a valuable model for other nations to learn by; it is a model of what can be achieved by clear direction and a strong will for success."

THE 1983 TARGETS
Figures in thousands of tonnes of oil equivalent per annum

Year	Energy saving	Oil substitutes
1983	40	10
1984	305	100
1985	650	870
1986	855	895

Source: AFME

EEC STEEL INDUSTRIES

At last, Davignon is confident

By Ian Rodger

"THE STEEL problem is now under control." That, it seems, is the vaudeville message from Viscount Etienne Davignon, vice-president of the European Commission, whose term ends this year. For eight years he has been struggling to nurse the Community's oversize steel industry back to health.

"If you take a patient out of hospital, you don't expose him immediately to people with horrible diseases just to see if he will become ill again"



VISCOUNT DAVIGNON vice-president, European Commission

"This is the first time I have been able to say that," he said in an interview with the FT last week. "I still tremble every day and I will not be satisfied until we get to the end, but I think we will get there." He was referring to December 31, 1986, the date by which EEC governments have agreed to stop subsidising their steel companies. The idea is that, by then, a sufficient number of plants will have closed so that supply and demand will return to a reasonable balance. Then, in turn, will enable the Community to withdraw from managing steel production and prices.

should fall mainly on inefficient or state support companies in other countries. The inability of governments to agree on cuts undermined confidence in the entire steel regime, causing a severe deterioration in prices. The combined losses of the French, West German, Italian and British steel industries last year exceeded \$2bn.

The main potential problem is another collapse of prices. EEC steel prices are still well below Japanese and U.S. levels and it is vital that no rising trend of the past few months continues. Commission officials are now fairly experienced in monitoring steel markets and so are less likely to make errors in setting production quotas and price levels than they were in the past.

In the longer term, Viscount Davignon is concerned about whether the European steel companies will be able to raise the funds they need to continue developing new products and processes, a challenge that reinforces the urgency of getting the industry back on to a commercial footing.

He insists that no government has indicated, either officially or unofficially, that it wants to extend its closure programme beyond 1985. The Commission is remaining firm in its refusal to endorse any corporate restructuring plan that does not appear sufficient to return the company to viability by the end of 1985. However, he does not believe that the steel market will open up completely in 1986. "If you take a patient out of hospital, you don't expose him immediately to people with horrible diseases just to see if he will become ill again."

Speculation about what will happen in January 1986 will soon change into concern. Steel companies know that within only a few months, they will be faced with customer queries about steel prices for the first quarter of 1986.

Even so, sceptics suspected that the new resolve would soon collapse. Viscount Davignon himself was cautious, predicting in February that a few companies would still be in a "hazardous" position in December 1985. However, there is no sign of a recurrence of last year's drastic deterioration in the market, and he is optimistic about the outlook for most companies.

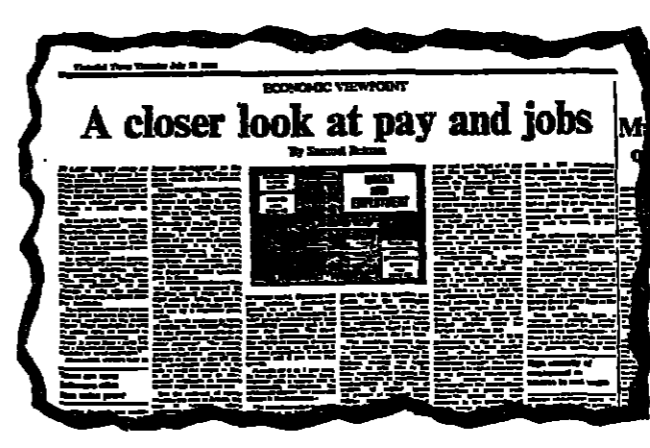
Another potential problem is the major EEC producers, having become accustomed to agreeing production and price levels among themselves for certain products, will find it hard to go back to full competition. Viscount Davignon says that the idea that they never set prices together before 1977. "They were not virgins."

Wages and Jobs

It's no heresy to talk to the unions

By David Basnett

ACCORDING to Samuel Brittan (July 19, 28 and 29) trade unions are exploiters of "monopoly power" who shed "crocodile tears" for the unemployed and use "physical intimidation" in order to "exact tribute" from the "community." It is, declares Mr Brittan, "high time to fight back," presumably against the "enemy within". This was the phrase with which the Prime Minister equated half the working population with Argentine troops under the dictatorship.



It is the Government which said that the answers to our economic problems were straightforward and simple. It is the trade union movement which has constantly warned that economic decline would be the price of setting out to confront working people and attack their living standards.

Not only has he gone well over the top on tone; this is equally true of the substance of his argument. Take his July 19 article. He admits that his belief that unemployment was due to unions pricing workers out of jobs is not based on econometric evidence. That's at least honest. But by failing to make such a statement Mr Brittan ends up by giving intellectual aid and comfort to those who are motivated principally by anti-trade union prejudice, and a belief that the problems of the economy can be solved by cutting living standards.

In the course of his three articles, Mr Brittan quotes only one piece of economic research—the chart by James Symons depicting an apparently inverse relationship between money wage growth and employment—and supplements it with a very crude division of the OECD area into five categories of countries. Since this is the only factual evidence which he attempts to use, he ought to be more concerned at the immediate contradiction between his categorisation—Japan is one of the best performers, Italy one of the worst—and Mr Symons' chart which shows that the two countries' employment performance is identical.

The question to which we must come back is what sort of society does Britain want? How, in a free society, do we achieve technological and industrial adjustment in ways which strengthen our economic performance rather than throw people and communities on the scrapheap? In a paradoxical way, articles like Mr Brittan's may help to produce the overdue reaction against current dogma. I do not believe that the British people want a future built upon a deliberate intensification of the insecurity, inequality and exploitation which already exists for a large section of our community.

Water engineers at work

From the Deputy Chairman and Chief Executive, Severn-Trent Water Authority. Sir—Mr Morton (August 7) not only lives within a short distance from the Carsington reservoir scheme now under construction, but if I read my records correctly actually took part in one of the four public inquiries held before the scheme was approved. He is, therefore, in a very good position to know that his simple statement on the need for the Severn-Trent Water Authority engineers is at best only a partial truth.

Letters to the Editor

authorities overspent on capital projects in 1983-84 is totally misleading. No local authority spent less than their 1984-85 entitlement to avoid the same thing happening again. The net result of the Department's double blinder is likely to be a complete freeze on new local authority capital contracts, imposed either voluntarily by councils, or made compulsory by Mr Jenkin later in the year.

Accounting for inflation. From Mr J. Greener. Sir,—In his interesting analysis (August 3) of the problem which beset the accounting profession in its search for an effective method of inflation accounting Mr Prowse poses a question that makes one ponder whether he has not fallen into a trap which he himself has set. He asks "would anybody accept that the value of his house today is the price he paid for it multiplied mechanically by the rise in the RPI?"

Metal in transit

From Mr. A. Ellinger. Sir,—The other day I was looking at charts of metal prices and London Metal Exchange stocks and I suspected that the charts showed a financial problem. I checked the contango levels and found that there were backwardations on tin and lead and a low contango on zinc. Copper, aluminium and silver showed a range of 11.85 per cent to 11.75 per cent while nickel was rather lower at 10.3 per cent. With American 12-month deposit receipts at 13 per cent it seemed to me that the contango on metals were too low to attract finance. Contango on Cornex are slightly higher.

Baffled by brawn. From Mr B. Butcher. Sir,—We read and hear a good deal from union leaders these days about "using their muscle" to achieve their ends. Why never their brains? Could there be a reason for this? B. L. Butcher, 6 Stanhope Close, Dean, Wiltshire, Wiltshire.

Software design

From the Chairman, Praxis Systems. Sir—It is heartening to see software engineering receiving attention (Technology, July 30). Most of industry is dependent on software and an essential component of advanced products, to control the manufacturing process, or to manage information flow. This software must be adaptable, correct, and available when it is needed. Yet as your article rightly commented, most software writers cannot achieve this with any certainty.

OUR STRENGTH AND STATEWIDE NETWORK MAKE US ONE OF THE STATE'S FINANCIAL LEADERS.

Financial Position (in Thousands)	June 30, 1984
Total assets	\$9,031,428
Loans	5,845,774
Deposits	5,749,899
Shareholders' equity	419,908

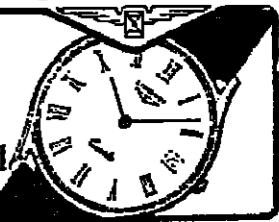
Financial Position (in Thousands)	June 30, 1984
Total assets	\$16,580,201
Loans	11,181,525
Deposits	12,421,169
Shareholders' equity	977,610



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Vertical text on the left margin including 'Inflation', 'Whites' grumbles likely to drive Government', 'Water engineers at work', and 'Just the price it apart'.

World's Most Honoured Watch

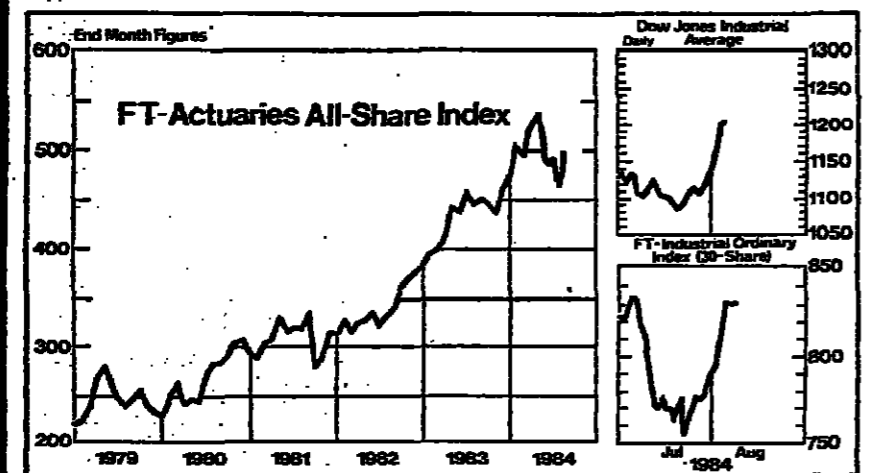


FINANCIAL TIMES

Wednesday August 8 1984

Fine British Clothes for men Centaur ELEGANTLY STYLED.

KEY MARKET MONITORS



STOCK MARKET INDICES table with columns for market, index value, and change. Includes New York, London, Tokyo, Australia, and others.

CURRENCIES table showing exchange rates for U.S. Dollar, Sterling, and other major currencies.

INTEREST RATES table listing rates for Euro-currencies, U.S. Treasury bills, and other financial instruments.

U.S. BONDS table providing details on Treasury and corporate bonds, including maturity dates and yields.

FINANCIAL FUTURES table showing prices and changes for various futures contracts.

COMMODITIES table listing prices for various goods such as oil, sugar, and other raw materials.

Table showing gold prices in London, Frankfurt, Zurich, and other international markets.

Table showing gold prices in Paris, Luxembourg, and New York.

Table showing gold prices in London, Frankfurt, Zurich, and other international markets.

Table showing gold prices in London, Frankfurt, Zurich, and other international markets.

WALL STREET Recovery survives early test

THE POWERFUL recovery in Wall Street stock prices survived its first serious bout of profit-taking yesterday morning, writes Terry Byland in New York. The stock market moved erratically during the first half of the session, but showed a ten-point gain on the Dow scale at 2.30pm...

so active was Anchor Hocking, 5 1/4% up at \$28 1/4, also a bid favourite. On the American Stock Exchange, BAT Industries was active, gaining 5% to \$3 3/4...

LONDON SURPRISINGLY good monetary aggregates caught London unaware yesterday, and markets responded with a vengeance. Gilts immediately regained falls of 1/2% on the announcement that sterling M3 may have fallen by 1 per cent in banking July...

HONG KONG LATE BUYING from fund managers softened the impact of a technical adjustment in Hong Kong that saw the Hang Seng index fall by 17.98 to 885.49.

SINGAPORE SOME profit-taking emerged in Singapore yesterday, erasing many of the gains of the previous session as the Straits Times index dropped 11.18 to 983.51 on decreased turnover of 30.5m shares...

SOUTH AFRICA THE SETBACK in the bullion price took its toll on Johannesburg gold shares, with most other sectors turning lower in sympathy.

AUSTRALIA OVERSEAS influences combined with a technical correction to depress Melbourne share prices yesterday, while Sydney moved ahead strongly following Monday's holiday.

EUROPE Familiar fears take their toll

RENEWED CONCERN over the strength of the dollar and the outlook for U.S. interest rates, after the recent respite, left European centres broadly lower yesterday. Profits were also taken on the growing conviction that a substantial number of issues had been overbought in the euphoria of the last few trading sessions.

Frankfurt Commerzbank Frankfurt Commerzbank plunged 117.46 to 10,313.63 on volume of 228.60m shares, down from the previous day's 244.74m.

down DM 4.50 to DM 540, failing to derive any benefit from plans to increase its workforce later this year. BMW shed DM 4 to DM 378, while VW managed to hold its retreat at DM 1.40 to DM 175.80.

THE SLOWDOWN in share price rises on Wall Street brought light sales of blue chips. Fuji Photo slumped Y90 to Y1,730, Matsushita Electric Industrial Y50 to Y1,680 and NEC Y50 to Y1,240.

BFR 70 to BFR 1,925. Electrobel, however, added BFR 30 to BFR 7,280. A mixed to lower mood emerged in Stockholm with profit-taking seen in the recently favoured Ericsson shares after eight successive days of advances.

TOKYO Car makers caught in reversal

THE SLACKENING pace on Wall Street overnight spurred a bout of profit-taking to lead equity prices lower in Tokyo yesterday for the first time in five sessions, writes Shaco Nishiwaki of Jiji Press.

Foreign investors became net sellers in early trading, when they placed sell orders for 26m shares, compared with buy orders for 20m shares.

The slowdown in share price rises on Wall Street brought light sales of blue chips. Fuji Photo slumped Y90 to Y1,730, Matsushita Electric Industrial Y50 to Y1,680 and NEC Y50 to Y1,240.

THE WEAKER bullion price depressed gold shares in Toronto, with base metal miners also displaying a measure of weakness in generally easier trading conditions. Montreal continued to react to Wall Street sentiments, and most sectors were lower with large losses confined to banks, utilities and industrials were evenly matched in their setbacks.

MOVING BACK TO HIGH PERFORMANCE

Lotus are back to making a trading profit again - £275,000. Sales in 1983 jumped 36% to £12,765,000. Over 50% of this total went to overseas markets. As Chairman, David Wickins says in his Statement accompanying the balance sheet "Lotus is always driving ahead, now faster than ever"

"They were the late Colin Chapman's legacy and are now in the hands of a team determined to succeed." "We have the financial strength to expand and grow," says Wickins. "Make no mistake, Lotus has not lost its touch and the future looks bright and exciting."



Copies of the Annual Report and Accounts are available on request from: The Secretary, Group Lotus Car Companies PLC, Norwich, Norfolk NR14 8EZ.

INTL. COMPANIES & FINANCE

Coastal reports 38% fall in profits

By William Hall in New York
COASTAL Corporation, the Houston-based energy company whose name is frequently cited in hostile takeover skirmishes, yesterday reported a 38 per cent drop in its second-quarter net income to \$19.4m, primarily because the previous year's figures had been boosted by a \$11.8m gain on share sales.

Siemens USA sales rise

By Our Financial Staff
SIEMENS USA, the North American arm of the West German electrical engineering group, reports strong growth in sales and orders for the first nine months of this financial year.

Stanbic lifts earnings by 45% at midway

BY JIM JONES IN JOHANNESBURG
STANDARD BANK Investment Corporation (Stanbic), South Africa's second largest banking group, increased its first half pre-tax operating profit by 45.4 per cent to R81.4m (\$48.6m).

Cigna may maintain payout despite loss

BY OUR NEW YORK STAFF
CIGNA Corporation, the big U.S. insurer formed from the 1982 merger of Connecticut General and INA Corporation, has reported further losses in its second quarter but stresses that it places a "high priority" on maintaining its dividend which was recently increased for the second time since the merger.

Overseas hit by slump in world shipping

By Our New York Staff
NEW YORK-based Overseas Shipholding Group (OSG), one of the world's biggest bulk shipping groups, operating a fleet of over 70 ships totalling 6.5m dwt, has reported a 16 per cent drop in second-quarter net income to \$11.9m.

Hutchison Whampoa board reshuffled

By Our Hong Kong Correspondent
HUTCHISON WHAMPOA, the Hong Kong conglomerate, yesterday announced a major management reshuffle following a long-running disagreement over management policy between Mr Li Ka-Shing, the chairman, and top executive executives.

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INTERNATIONAL APPOINTMENTS

New president for European Investment Bank

Mr Ernst-Günther Broder has taken over from Mr Yves Le Portz, president since 1970, at the helm of the EUROPEAN INVESTMENT BANK. Mr Broder was formerly management committee spokesman at Kreditanstalt fuer Wiederaufbau, Frankfurt. Previously on the staff of Beyer AG and the World Bank, Mr Broder has also been director of the EIB since 1980.

U.S. \$150,000,000
CREDIT LYONNAIS
Floating Rate Notes Due 1995
In accordance with the conditions of the notes, notice is hereby given that for the six-month period 8th August 1984 to 8th February 1985 (184 days) the notes will carry an interest of 12 1/4% p.a.

U.S. \$60,000,000
Banamex
Banco Nacional de México, S.A.
Floating Rate Subordinated Notes Due 1992
In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 8th August, 1984 to 8th February, 1985 the Notes will carry an interest rate of 12 1/4% per annum and the Coupon Amount per U.S. \$5,000 will be U.S. \$316.25.

The Nikko Securities Co., Ltd.
(Nikko Shoken Kabushiki Kaisha)
U.S. \$30,000,000
3/4 PER CENT. CONVERTIBLE BONDS 1994
ISSUE PRICE 100 PER CENT.
The Nikko Securities Co., (Europe) Ltd.
Credit Suisse First Boston Limited
Deutsche Bank Aktiengesellschaft
Amro International Limited
Banque Bruxelles Lambert S.A.
Banque Nationale de Paris
Commerzbank Aktiengesellschaft
Daiwa Europe Limited
Fuji International Finance Limited
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait Investment Company (S.A.K.)
Mitsubishi Finance International Limited
Mitsubishi Trust and Banking Corporation (Europe) S.A.
Nomura International Limited
Société Générale
Société Générale de Banque S.A.
Union Bank of Switzerland (Securities) Limited
Yamaichi International (Europe) Limited
Bank of Yokohama (Europe) S.A.
Banque de Neulize, Schlumber, Mallet
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Chuo Trust Asia Limited
DG BANK Deutsche Genossenschaftsbank
New Japan Securities Europe Limited
Pierson, Helderling & Pierson N.V.
Sumitomo Trust International Limited
Toyo Securities Co., Ltd.
Yamatane Securities (Europe) Ltd.
Yasuda Trust Europe Limited

The Nikko Securities Co., Ltd.
(Nikko Shoken Kabushiki Kaisha)
U.S. \$30,000,000
3/4 PER CENT. CONVERTIBLE BONDS 1999
ISSUE PRICE 100 PER CENT.
The Nikko Securities Co., (Europe) Ltd.
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Baring Brothers & Co., Limited
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Daiba Europe Limited
Goldman Sachs International Corp.
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Kleinwort, Benson Limited
Kyowa Bank Nederland N.V.
Lehman Brothers International
Merrill Lynch Capital Markets
Mitsubishi Finance International Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
Nomura International Limited
N.M. Rothschild & Sons Limited
Salomon Brothers International Limited
Smith Barney, Harris Upham & Co.
The Taijyo Kobe Bank (Luxembourg) S.A.
Tokai International Limited
Wood Gundy Limited
Yamaichi International (Europe) Limited
BankAmerica Capital Markets Group
Chase Manhattan Capital Markets Group
County Bank Limited
Dai-ichi Kangyo International Limited
Daiwa Bank (Capital Management) Limited
Hambros Bank Limited
Hill Samuel & Co. Limited
LTCB International Limited
Manufacturers Hanover Limited
New Japan Securities Europe Limited
Nippon Credit International (HK) Ltd.
Nippon Kangyo Kakumaru (Europe) Limited
Okasan International (Europe) Ltd.
The Tokyo Securities Co., Ltd.
Toyo Securities Co., Ltd.
Wako International (Europe) Limited

UK COMPANIES

BIDS AND DEALS

MINING NEWS

Recovery continues as H. Young seeks to buy BCA offshoot

ACCOMPANYING THE report of more than doubled profits for the year to May 31 1984, H. Young Holdings, motor distributor, has announced its intention to acquire Readygas, a supplier of industrial and domestic gases currently 80 per cent owned by a subsidiary of British Car Auctions.

BOARD MEETINGS

The following companies have notified directors of board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Urgent indications are not available as to whether the dividends announced are final and the amounts shown below are based mainly on last year's timetable.

The directors of Young consider that the acquisition of Readygas should increase substantially earnings per share, stated at 5.5p (2.8p) in the current year's figures—and distributable reserves. It will provide Young with a business which is now cash generating and will bring it a company operating in the service industry.

Argyll launches an agreed £25m bid for Amos Hinton

Argyll Group, the supermarket and drinks distribution business built by Mr James Gulliver to challenge the industry leaders, yesterday launched an agreed £25m bid for Amos Hinton, the North East supermarket company.



Mr James Gulliver, the chairman of Argyll Group

Hanson Trust builds up sizeable holding in Charter Consolidated

Charter Consolidated, the industrial holding and mining finance group, has been building up a sizeable holding in Charter Consolidated, a company which has built up a sizeable shareholding.

Full implementation of the offer will involve the issue of 5.5m Argyll shares, or about 2.8 per cent of the current equity base, and about £18.5m of cash consideration.

Receiver called into Suleyman company

By Alexander Nicol Kingsland Group, a clothes manufacturer which is the private company of Mr Touker Suleyman, has been put into receivership.

Placer now expects January start-up for Kidston gold

Mr C. Allen Barr, chairman of Placer Development, says that construction of the major new Kidston gold mine in Australia is going well and now expects production to begin in January next year.

As already reported, 15 per cent of the capital of the new mine is to be offered to the Australian public at a price of A\$1.90 (100p) per share.

Hugin profits and sales increase in first half

Pre-tax profits at Hugin Group advanced from £390,000 to £740,000 for the first half to June 30 1984, largely due to the net of placing commission, of £1.43m and, on the same basis, the placing for the cash shares will raise approximately £151,000 for Young.

Mr David Pope, chief executive, said prospects for a substantial increase in profits by the year-end were good. The seasonality of business is expected to bring most sales in the second half.

Belhaven boosts stake in Ryan

MR NAZMU VIRANI'S Belhaven Enterprises is increasing its stake in the voting capital of Dublin-based Ryan Hotels to 22.4 per cent by buying almost all its preference shares.

Memec to acquire 85% of Midwich Computer

Memec (Memory and Electronic Components) has agreed to acquire 85 per cent of the Suffolk-based Midwich Computer Company for £2,850,000, part of which will be paid by the issue of 80,000 new Memec shares to be retained by the directors of Midwich.

Mitchell Cotts' disposals

Mitchell Cotts, the engineering and trading group, has sold four of its South African subsidiaries and one of its properties in South Africa for approximately R14m (£8.6m), representing an excess over total book cost of R3.6m.

Martin Ford PLC Famous for Separates. Interim unaudited results for 26 weeks ended 2nd June, 1984. Table with columns for Half-year 1984, Half-year 1983, and Year 1983. Rows include Turnover, Operating Profit, Investment Income, etc.

Trident TV

Trident Television's sale of its 29.96 per cent shareholding in Yorkshire Television Holdings to W. E. Smith & Son for £8.5m was agreed at a friendly shareholders' meeting in London.

BIDS AND DEALS IN BRIEF

Kuwait Investment Office has disclosed a 7.5 per cent holding in Security Centres Holdings, the electronic alarm group which was said in June that it was in exploratory talks with a third party which had made a friendly approach. Security Centres, which has itself made a series of acquisitions, last week agreed to buy Holmes Protection, a U.S. burglar alarm company, in a £38m deal.

Receiver called into Suleyman company

Mr Suleyman was chairman of the textile group Mellins, a former stock market star which went into receivership earlier this year.

L'ORÉAL. Quality and research. At the root of this development was the absolute certainty that consumers always appreciate the best products and, stemming from this, the strategic choice of a policy of quality based on powerful research teams.

STEAD & SIMPSON plc FOOTWEAR RETAILERS AND MOTOR DEALERS. Record on 150th Anniversary. Table with columns for 1981, 1982, and 1983. Rows include Net sales, Cash Flow, Net earnings, etc.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'D-D-D', 'E-E-E', 'H-H-H', 'M-M-M', and 'P-P-P'.

Continued on Page 19

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices, organized in columns by stock symbol and name, including prices and volume data.

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and name, including prices and volume data.

Notes and footnotes regarding the data, including a disclaimer: 'Sales figures are unofficial. Daily high and low prices reflect the previous 52 weeks price...' and a dividend section: 'a-dividend also extra; b-annual rate of dividend plus stock dividend...'.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, and various regional indices like Belgium/Luxembourg, Denmark, France, Italy, Netherlands, and Switzerland.

OVER-THE-COUNTER Nasdaq national market closing prices

Table of over-the-counter Nasdaq national market closing prices for various stocks, including AEL, AIG, AIA, and others.

LONDON Chief price changes

Table of London chief price changes for various stocks, including BISS, BAT Inds, Burton, and others.

CANADA

Table of Canadian stock market closing prices for Toronto, including various stocks like 1230, 1300, and others.

MONTREAL Closing prices August 7

Table of Montreal closing prices for August 7, including various stocks like 1100, 1200, and others.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table of American stock exchange closing prices, including sections for Continued from Page 19, Continued on Page 28, and various stock listings.

هنا اخبار العالم

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Money supply figures rekindle enthusiasm for Gilts and longer issues rise £1 1/2

Account Dealing Dates
First Declared Last Account
Dealings from Dealings Day
July 30 Aug 9 Aug 10 Aug 20
Aug 13 Aug 20 Aug 21 Sept 10
Sept 13 Sept 14 Sept 24
Sept 27

Surprisingly good monetary aggregates caught London traders unaware yesterday afternoon and markets responded with a vengeance. Government stocks immediately regained falls of approaching 3/4 on the 2.30 pm announcement that sterling M3 may have fallen by 1 per cent in banking July. This was in stark contrast to estimates ranging to an increase of that amount. "Unbelievable" greeted the news as institutional investors soon cast off earlier reticence. Inquiries for stock increased as the tone strengthened and trading became busy. Activity continued after the official close of business to leave selected longer-dated Gilts showing net gains of 1 1/4 points. The short's auxiliary recouped losses of 1/2 to close 1/4 up on balance. Thus the terms of the proposed new £1bn tap of stock issues became quite attractive; applications for the Exchange 11 per cent 1982, £25 payable at a minimum tender price of 294, must be submitted by 10 am this morning.

Index-linked Gilts, occasionally higher, also participated in the upward momentum. Government market quotations. After Monday's slight relapse, the Government Securities Index resumed last week's steady recovery to close 0.72 up on the session at 78.52. Mr Paul Volcker's concern over U.S. inflation trends, which had not entirely ruled out tighter monetary policy, faded into the background. Sterling worries—the rate weakened further against the dollar yesterday—also evaporated late, but uncertainty about the immediate outlook for Wall Street restrained equity markets. Most leading industrial stocks successfully regained opening falls after the latest UK money supply figures, but prices eased again late in the session. U.S. market indications: the Dow-Jones average went higher late yesterday. Illustrating the fluctuating fortunes of London blue chippers, British Petroleum Ordinary share index pulled back a near-8 point fall to stand 2.3 higher at 3 pm before closing a mere 0.2 up on the day at 580.5.

Clearers dip rally Marked defensively lower at the outset, the major clearing banks steeled in the absence of relatively precise and small mixed movements. Near-West finished 3 dearer on balance at 635p, after 600p, but Lloyds, which brought the clearing bank's steady recovery to a disappointing close last Friday, remained a subdued

market and eased 5 more to 442p. Standard and Chartered put in a late spurt to close a 200 up at 455p following excellent results from its South African subsidiary. Composite insurances went lower initially, but picked up on the reappearance of buyers to close firmer on the day. Royals down to 450p, recovered well to finish 6 dearer on balance at 468p, while Sun Alliance were finally 8 better at 358p, after 340p. Commercial Union, which sets the interim dividend season underway today, dipped to 200p initially but rallied to close up altered on the day at 204p. Lloyds brokers featured Bogg Robinson which touched 209p before ending 11 higher on balance at 206p on talk of broker's circular. Willis Faber were also a firm market, with gains of the same amount to 594p. Distillers eased a few pence to 395p; the company has a firm recent reports of a reduction in its whisky production capacity via the closure of the Gull's Head distillery in Glasgow and South Queensferry.

Building issues encountered selective interest. Barratt Developments firm at 189p and Wilson (Connolly) rose 6 to 106p, while McCarthy and Stone, still reflecting a broker's circular, gained 5 more to a 195p. U.S. and domestic support prior to closing a couple of pence cheaper on the day at 590p. Among other Chemicals, Laporte attracted late close of a shade firmer at 320p, after 315p.

Buoyant retailers Marked a shade easier at the outset following brokers Wood Mackenzie's forecast of a slowdown in retail sales growth from August onwards. Stores responded to sizeable, albeit still selective, buying as investors took bullish view of future credit trends. Double-figure gains were noted among the leaders with a particularly lively trade noted in Burton, up clear at 270p amid vague chatter of a trading link with Woodworth. 29 higher at 507p. Gussies "A" rose 15 to 560p, while B&W, which showed a dull of late, improved 5 to 214p. Widespread comment regarding Lomax's near-30 cent stake in House of Fraser stimulated strong demand for his shares; House of Fraser, the subject of "call" option business touched

FINANCIAL TIMES STOCK INDICES
Table with columns: Index, Aug, Aug 6, Aug 7, Aug 8, Aug 9, Aug 10, July, year ago

HIGHS AND LOWS S.E. ACTIVITY
Table with columns: High, Low, Since Completion, S.E. Activity

255p before setting a net 10 up at 254p, while Lomax, again bolstered by traded option activity, firmed a couple of pence further at 151p. Proceedings elsewhere in the centred on Newscasters round 4.71 closing at 255p, lower at 228p awaiting tomorrow's interim statement. Elsewhere, Ashmore Metal eased a shade firmer at 255p, while a year statement, while Ashmore Metal Products were also the dust cheaper at 33p after the interim results and passing of the dividend. Further progress taking clipped 4 more from Baker Perkins, at 130p. Cleveland-based supermarkets and off-licences concern Amos Hinton soared 30 to 355p following details of the agreed cash and shares offer worth some 255m from fellow food retailers. The offer, which despite the uncertainty on the receiving end of an unwelcome bid from STC, fetched unaltered at 51p. Unfaced by a bid from STC, Hinton in response to the good half-year results and proposed 5.2m rights issue. Ketchup, up 4 at 118p, replied to the increased demand for its shares. Better-than-expected half-year figures made little lasting impact

ing the revelation at the annual meeting that Hanson Trust has acquired approximately 3.3 per cent of Charter's shares in the most three months or so. The combination of an easier Australian dollar against the U.S. currency, lower tuition prices and an uncertain performance by the Sydney market overnight encouraged widespread selling of "down-under" issues in early trading. A late rally took most issues off their lowest levels with the majority still closed with modest losses on balance. In Golds Central Norsem fell 20 to 305p and Possidon gave up 12 to 200p.

Secondary issues provided the significant movements in Properties. Recently-overlooked Connell Estate Agents improved 5 to 100p, while Peel Holdings firmed 6 to 266p. Revived demand in a restricted market lifted Priest Mariani 30 to 480p. Ailingen, which had been another heavily business in the former which recorded 336 calls, the October 200s accounting for 174 and closing 6 up at 17p.

Oils improve Firmer international crude oil prices encouraged support for leading Oils. Ultramar were a strong market and advanced 13 to 248p ahead of the second-quarter results, scheduled for tomorrow. Shell, also reporting a strong rally in afternoon. Initial firmness in BP gave way on profit-taking but the shares responded to renewed after-the-fact demand and closed a net 3 up at 451p. Price control rose a like amount to 180p and LAMSO hardened a fraction to 273p.

South African Golds mirrored this performance. Marked down sharply at the outset, share prices continued to lose ground on widespread general selling before staging a rally in mid-afternoon when good buying interest from Johannesburg and New York was reported. At the close the majority were showing fairly substantial losses on balance but ended well above the day's low. The Gold Mines index closed 17.5 down at 521.0. In the leaders Randfontein showed a 2 1/2 fall at 277p while AngloGold, which had been a steady performer, fell to 274p and St Helena fell to 191p. Cheaper priced issues were highlighted by Venterspost which dropped 55 to a year's low of 225p.

NEW HIGHS AND LOWS FOR 1984
NEW HIGHS (55)
Abbott Laboratories (Swiss)
American Medical General Corp.
Bayer (Swiss)
Boehringer (Swiss)
Bristol Myers Squibb
Ciba Ltd (Swiss)
Eli Lilly (Swiss)
Hoechst (Swiss)
Roche (Swiss)
Sandoz (Swiss)
Schering-Plough
Searle (Swiss)
Teva (Swiss)
Wyeth (Swiss)
NEW LOWS (23)
Benson & Hedges
British American Tobacco
Crested Butte
Eaton (Canada)
Eaton's (Canada)
Eaton's (Canada)
Eaton's (Canada)
Eaton's (Canada)
Eaton's (Canada)
Eaton's (Canada)
Eaton's (Canada)
Eaton's (Canada)

EQUITIES
Table with columns: Stock, 1984, High, Low, etc.

FIXED INTEREST
Table with columns: Issue, Price, Yield, etc.

"RIGHTS" OFFERS
Table with columns: Issue, Price, Yield, etc.

FT-ACTUARIES SHARE INDEX

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index, % Change, etc.

FIXED INTEREST

Table with columns: PRIME FINANCES, Index, % Change, etc.

Beecham react

A strong market last week on U.S. buying, which gave rise to vague bid talk, Beecham fell away sharply on the announcement that the company had secured American approval to market its drug Augmentin. The news dampened recent domestic speculation in favour of Beecham, which had been trading at 355p, down 8 on balance. Other leading miscellaneous Industrials opened lower but picked up late and usually finished with small irregular movements on the day. Glaxo managed a final improvement of 5, at 810p, while BOC ended a profit before the start of Thursday's third-quarter figures. Elsewhere, Chubb, the subject of recent persistent speculative support, reacted 6 to 180p on profit-taking, but not reflecting U.S. buying, touched 234p before setting 5 to the good at

European Options Exchange

Table with columns: Series, Vol., Last, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

OPTIONS MONDAY'S ACTIVE STOCKS

Table with columns: First, Last, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Aug, Nov, Feb, etc.

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

International Finance DAIWA SECURITIES

MINES—Continued

Table of Industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Table of Leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Table of Property stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Table of Investment Trusts including various funds and trusts.

Table of Oil and Gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Central African

Table of Central African stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Australians

Table of Australian stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Tins

Table of Tins stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Miscellaneous

Table of Miscellaneous stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

INSURANCES

Table of Insurance stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

LEISURE

Table of Leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

PROPERTY

Table of Property stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

SHIPPING

Table of Shipping stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

SHOES AND LEATHER

Table of Shoes and Leather stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

TEXTILES

Table of Textiles stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

OVERSEAS TRADERS

Table of Overseas Traders stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

PLANTATIONS

Table of Plantations stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

NOTES

Notes section containing financial news and commentary.

Teas

Table of Teas stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

MINES

Central Rand

Table of Central Rand stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Eastern Rand

Table of Eastern Rand stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Far West Rand

Table of Far West Rand stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

O.F.S.

Table of O.F.S. stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

OPTIONS—3-month call rates

Table of Options—3-month call rates including companies like British Airways, British Petroleum, and various manufacturing firms.

Finance, Land, etc

Table of Finance, Land, etc stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Oil and Gas

Table of Oil and Gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Diamond and Platinum

Table of Diamond and Platinum stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

24 AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Britannia Group-Continued, Allied Unit Trusts Limited, and others, with columns for names, dates, and financial figures.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Unit Trust Information Service, including Key Fund Managers Ltd, Perpetual Unit Trust, and others, with columns for names, dates, and financial figures.

City of Washington Assurance

Table listing various insurance and assurance companies, including City of Washington Assurance, Commercial Union Assurance, and others, with columns for names, dates, and financial figures.

F.T. CROSSWORD PUZZLE No. 5,486

- ACROSS
1 The cloth in dispute is very hard (4)
4 There's something wrong with the spring in the lock (8)
10 Fruited as a container for oil which becomes very hot (7)
11 Used to remove dirt from rop's car (4)
12 Observe for a minute (4)
13 Encourage people to start the game with kitchen utensils (3-7)
15 Take a long time to get ideas (8)
16 Believe broadcast about variation (7)
20 Where engineers meet to make money (7)
21 Somebody will have the time at some future date (3, 3)
24 Chimney-sweeper's receipts from customers (10)
26 One who entertains many people (4)
28 Regular moves a little into shade (7)
29 It's neater for cutting things (7)
30 Make a person with taste at these scrambled (8)
31 The business took a long time and was presented badly (6)
DOWN
1 Young lady coming out on parade is not embarrassed (8)
2 Show attendant where to find the most important reports (5, 4)
3 First the Spanish and then the French girl... (4)
5 ... went up to the front of the ship and left the vessel with flowers (4-4)
6 Improve the course of the river? (10)

Crossword puzzle grid with numbers 1 through 31 indicating starting positions for the clues.

Solution to Puzzle No. 5,485
7 No more cream please - there's enough in it already (3)
8 Put the accent on effort (6)
9 Saw how old the notice was (5)
14 Francy on the field creates a high level of excitement (1, 5)
17 Not even postman can be a casual worker (3-3, 3)
18 The coating on the road pews down as far as possible (1, 5)
19 There's uncontrollable excitement because this year will be different (8)
22 Bones found in the sea near Naples (6)
23 From the menu one can ask a tearoom to include fish (4)

INSURANCES

Table listing various insurance companies and their services, including Abbey Life Assurance, Commercial Union Assurance, and others.

Handwritten signature or mark at the bottom of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Sava & Prosper Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including CAL Investments (Holl) Ltd, Capital International Fund S.A., and various international investment funds.

Table of insurance and overseas funds including Marine Midland (CI) Ltd, Standard Life Assurance Co Ltd, and various international investment funds.

OFFSHORE AND OVERSEAS

Text detailing offshore and overseas investment opportunities, including mentions of the British Virgin Islands and various financial services.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund names, values, and performance metrics.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank names, account types, and interest rates.

Money Market

Table listing Money Market instruments and services with columns for instrument names, values, and market data.

COMMODITIES AND AGRICULTURE

Reagan takes advice on ways to help copper industry

BY NANCY DUNNE IN WASHINGTON

THE QUESTION of the future of U.S. copper imports has now gone to the Secretaries of State, Treasury, Commerce, and the U.S. Trade Representative...

Observers believe that election year pressures dictate that the President must do something for the mining industry...

CFTC considers regulating foreign futures contracts

BY NANCY DUNNE IN WASHINGTON

THE COMMODITY FUTURES TRADING COMMISSION is considering the establishment of a formal regulatory programme for domestic users of foreign futures contracts...

The CFTC last week published a list of questions in the federal register asking for public comments on a wide range of issues...

A principal purpose of the notice, the Commission said, is to assess the scope of domestic sales of foreign futures contracts...

The commission said it wants to know who is trading foreign futures, the extent of public participation and where the foreign futures contracts are trading...

It is seeking the information, it said, because of the growing volume of foreign futures contracts...

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Aug. 7 1984, + or -, Month ago. Lists various metals like Aluminum, Copper, Gold, Silver, Tin, Tungsten, Wolfram, Zinc, and their price changes.

LONDON OIL

Table with columns: Label, Change, Price. Lists various oil products like Arabian Light, Dubai Fateh, Arab Heavy, North Sea Brent, African/Bonny Light, and their prices.

GOLD MARKETS

Gold fell \$61 an ounce from Monday's close in the London bullion market yesterday to \$343.43...

EUROPEAN MARKETS

Table with columns: Commodity, Price, Change. Lists various European market commodities like Wheat, Corn, Soybeans, and their prices.

Turkish farmers rejoice at imports levy

By David Barchard in Ankara

POTATO and onion growers in Turkey rejoiced yesterday at the news that the Government had slapped a levy of 810 per cent on imports of potatoes, onions, and vegetable oil margarines...

Gas oil futures trading makes strong recovery

By JOHN EDWARDS

TRADING ACTIVITY on the London gas oil futures market recovered strongly in July, rising to 41,674 lots against 34,792 lots in July last year...

Turnover in gas oil futures for the first seven months of the year, however, at 275,082 lots, was well down on the 6,850,540 contracts in July 1983...

Meanwhile, in Chicago turnover on the Board of Trade for the first seven months of the year, however, at 275,082 lots, was well down on the 6,850,540 contracts in July 1983...

On the London International Financial Futures Exchange (Life), Eurodollars remained the most important contract with a turnover of 93,680 lots in July...

During a quiet morning commission house buying and selling encouraged a gradual rise in tin values...

BASE METALS

Table with columns: Commodity, Price, Change. Lists various base metals like Aluminum, Copper, Lead, Tin, Zinc, and their prices.

WEEKLY METALS

Table with columns: Commodity, Price, Change. Lists weekly metal prices for Aluminum, Copper, Lead, Tin, Zinc, and their prices.

LEAD

Table with columns: Commodity, Price, Change. Lists lead prices for various grades and regions.

ZINC

Table with columns: Commodity, Price, Change. Lists zinc prices for various grades and regions.

ALUMINIUM

Table with columns: Commodity, Price, Change. Lists aluminium prices for various grades and regions.

Production suspended at mine in Arizona

By Nancy Dunne

PHILIPS DODGE has announced that it will suspend copper production next week at its New Corralito branch mine and concentrator at Ajo, Arizona...

Uncertainty holds down price of farmland

FARMLAND prices in England and Wales declined again last month, according to figures published yesterday by the Ministry of Agriculture...

The weighted average price (which allows for area and size group variations in the sample) for the three months to the end of June was \$5,087, compared with \$5,191 in the three months to May...

The recent decline is generally attributed to uncertainty about farming prospects following the imposition of EEC milk production quotas...

EXPORT EARNINGS from agricultural trade suffered the biggest fall in 20 years in 1983 and will remain depressed, according to the UN Food and Agriculture Organisation's Commodity Review and Outlook, 1984...

Most of the production was attributable to the sharp decline in prices, the report said.

SUPPLY TIGHTNESS continues to buoy up the September cocoa price on the London futures market. The position staged a \$40 permissible limit rise in the morning before ending the day at \$25.50...

St. Joe Minerals cut its lead price by 4 cents to 30 cents a pound while Cominco, the big Canadian producer, lowered its U.S. zinc price by 2 cents to 48 cents...

Lead values on the London Metal Exchange came under renewed pressure, with the cash price losing \$2.5 to \$255.5 a tonne in contrast to a move up of \$5 to \$640 a tonne in spite of the U.S. price cuts...

Nickel values on the exchange rose to the highest levels for five years; the cash price gained \$50 to \$2,622.5 a tonne.

Trawlermen to ignore Bristol Channel ban

TRAWLERMEN at Brixham said yesterday they were prepared to risk big fines by ignoring the new Bristol Channel ban...

They said they were being forced to break the law because the Government's rigid application of fish quotas was threatening to put their livelihoods at risk...

Gas oil futures trading makes strong recovery

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SUGAR

Table with columns: Commodity, Price, Change. Lists various sugar prices for different grades and regions.

GRAINS

Table with columns: Commodity, Price, Change. Lists various grain prices like Wheat, Barley, and their prices.

WHEAT

Table with columns: Commodity, Price, Change. Lists wheat prices for various grades and regions.

BARLEY

Table with columns: Commodity, Price, Change. Lists barley prices for various grades and regions.

INDICES

Table with columns: Index Name, Value, Change. Lists various financial and commodity indices.

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NEW YORK

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CHICAGO

Table with columns: Commodity, Price, Change. Lists various Chicago market commodities like Live Cattle, Hogs, and their prices.

REUTERS

Table with columns: Commodity, Price, Change. Lists various Reuters market commodities like Gold, Silver, and their prices.

MOODY'S

Table with columns: Commodity, Price, Change. Lists various Moody's market commodities like Bonds and their prices.

DOW JONES

Table with columns: Commodity, Price, Change. Lists various Dow Jones market commodities like Stocks and their prices.

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Nickel values on the exchange rose to the highest levels for five years; the cash price gained \$50 to \$2,622.5 a tonne.

NEW YORK

Table with columns: Commodity, Price, Change. Lists various New York market commodities like Aluminum, Copper, Lead, Tin, Zinc, and their prices.

CHICAGO

Table with columns: Commodity, Price, Change. Lists various Chicago market commodities like Live Cattle, Hogs, and their prices.

REUTERS

Table with columns: Commodity, Price, Change. Lists various Reuters market commodities like Gold, Silver, and their prices.

MOODY'S

Table with columns: Commodity, Price, Change. Lists various Moody's market commodities like Bonds and their prices.

DOW JONES

Table with columns: Commodity, Price, Change. Lists various Dow Jones market commodities like Stocks and their prices.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar around new peaks

The dollar continued its recovery on the foreign exchanges yesterday, supported by high U.S. interest rates and rumours that Mr. Paul Volcker, chairman of the Federal Reserve Board, was unhappy with market speculation of a possible increase in the U.S. Senate Banking Committee at the end of July.

There was some nervousness ahead of last night's U.S. Treasury three-year note auction, but the rest of the present refunding programme, in case a change in interest rate trends was indicated by the result.

After touching the highest trading level for about 1 1/2 years against the D-mark at DM 2.8270 the dollar finished below its best on profit-taking, but still well up on the day.

It rose to DM 2.8140 from DM 2.8280 against the D-mark; Sfr 2.4575 from Sfr 2.4210 against the Swiss franc; Y244.45 from Y245.05 in terms of the Japanese yen; and to a record closing level of FF 8.9425 from FF 8.8825 against the French franc.

On Bank of England figures the dollar's trade-weighted index rose to 157.3 from 156.7. Sterling-Trading range against the dollar in 1984 is 1.985-1.9620. July average 1.9710. Trade-weighted index 1.965, after touching low of 1.957 at the opening, 78.5 at the previous close, and 81.7 six months ago.

Sterling fell 1.15 cents against the strong dollar to \$1.9655, 3.065 after touching low of \$1.9630. The pound was weak against the dollar throughout, and also eased against other currencies after a firm start following the unexpected fall of 1 per cent in sterling 3M money supply. The better than expected money supply figure led to suggestions that there may be an attempt to curtail British interest rates in the near future.

The Bundesbank sold DM 48.05m as the dollar rose to DM 2.8157 from DM 2.8280 at the Frankfurt closing, on rumours comments by the Federal Reserve Board chairman that interest rates may continue to rise and that inflation may yet prove a problem later in the year.

The yen lost ground against the firm dollar in active Tokyo trading. The dollar rose to Y243.75 from Y241.45, after opening at Y242.95.

Table with columns: Country, Currency, % change from Aug 7, % change from previous close, Divergence from 1983. Includes entries for Belgium, Denmark, Germany, France, Italy, Japan, etc.

FINANCIAL FUTURES

Gilts firm

Gilts and three-month sterling deposit futures closed very firm on the London International Financial Futures Exchange yesterday. Gilts for September delivery opened weaker at 102.13 as cash prices eased on the decline of sterling against the dollar and the weak close to the U.S. bond market overnight.

After touching a low of 102.01 the contract surged upwards closing near the day's peak at 104.27, compared with the previous settlement of 102.25. The sudden rise followed publication of the UK July money supply figures, showing a fall of 1 per cent in sterling 3M against market expectations of a rise in the region of 1 per cent.

September short sterling fell a similar pattern, opening weak at 88.60, but closing at 88.61, against 88.60 on Monday.

Three-month Eurodollars for September began on a depressed note, but staged a modest rally in line with advances in Chicago where interest rate contracts recovered after showing early weakness.

Table with columns: Contract, High, Low, Prev. Includes entries for Sterling, Eurodollar, etc.

LONDON

Table with columns: Contract, High, Low, Prev. Includes entries for Sterling, Eurodollar, etc.

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Company Notices

Rescheduling of external debt of the Republic of the Ivory Coast

An agreement of understanding on the rescheduling of Ivory Coast external debt was signed on July 27th in PARIS at the main office of BANQUE NATIONALE DE PARIS. The Ivorian delegation was led by His Excellency, Mr. SERU-GNOLEBA, Minister of State, assisted by Mr. Leon NAKI, General Manager, Caisse Autonome d'Amorissement.

The Steering Committee appointed by Banks comprise of BANQUE NATIONALE DE PARIS (Chairman) BANKERS TRUST (Vice-Chairman), THE BANK OF TOKYO LTD., BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE, CHASE NATIONALE BANK N.A., CITIBANK N.A., CREDIT LYONNAIS, MIDLAND BANK and SOCIETE GENERALE.

Repayment of rescheduled amounts will be made over a period of 5 years after a three year grace period. Furthermore, a proposal of new money to the tune of CFA 50 billion is being submitted to Banks' approval.

OTHER CURRENCIES

Table with columns: Country, Currency, % change from Aug 7, % change from previous close. Includes entries for Argentina, Australia, Canada, etc.

CURRENCY MOVEMENTS

Table with columns: Country, Currency, % change from Aug 7, % change from previous close. Includes entries for Argentina, Australia, Canada, etc.

CURRENCY RATES

Table with columns: Currency, Rate, % change from Aug 7, % change from previous close. Includes entries for Sterling, Eurodollar, etc.

THE POUND SPOT AND FORWARD

Table with columns: Day's spot, Close, One month, Three months, Six months, One year. Includes entries for U.S., Canada, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spot, Close, One month, Three months, Six months, One year. Includes entries for U.S., Canada, etc.

EXCHANGE CROSS RATES

Table with columns: Country, Currency, Rate. Includes entries for Pound Sterling, Deutsche Mark, etc.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Term, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Kroner. Includes entries for Short term, 7 days notice, etc.

MONEY MARKETS

Rates ease on money supply

Interest rates declined on the London money market yesterday afternoon following publication of the July UK money supply figures. Earlier in the day rates had been slightly firmer in reaction to a high Federal funds rate in New York and the fall of the sterling against the dollar.

The Bank of England offered an early round of assistance, selling £200m of Treasury bills in band 2 (up to 14 days maturity) at 12 per cent; £2m bank bills in band 1 at 12 per cent; and £15m bank bills in band 2 (18-53 days) at 11 1/2 per cent.

Another £255m bill was purchased for resale to the market on August 14 at a rate of 12 per cent. Before lunch the authorities bought a further £2m bills outright through £2m bank bills in band 2 (18-53 days) at 11 1/2 per cent.

There was no more official intervention during the day. In Amsterdam the Dutch National Bank allocated

MONEY RATES

Table with columns: Location, Rate, % change from Aug 7, % change from previous close. Includes entries for Frankfurt, Paris, Zurich, etc.

LONDON MONEY RATES

Table with columns: Term, Rate, % change from Aug 7, % change from previous close. Includes entries for Overnight, 7 days notice, etc.

Discount Houses Deposit and Bill Rates

Table with columns: Term, Rate, % change from Aug 7, % change from previous close. Includes entries for Overnight, 7 days notice, etc.

FT LONDON

INTERBANK FIXING

Table with columns: Term, Rate, % change from Aug 7, % change from previous close. Includes entries for One month, Two months, etc.

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NEW YORK (Lunchtime)

Table with columns: Term, Rate, % change from Aug 7, % change from previous close. Includes entries for Prime rate, Fed funds, etc.

Treasury Bills

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Treasury Bonds

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The British Businessman in perspective. The authoritative update on the behaviour of British businessmen and women. The 1984 BMRC survey is now available.

The 1984 Businessman Survey. Over 16 per cent of British executives travelled abroad on business more than five times in the past year.

The 1984 Businessman Survey. All of which is typical of the enormous wealth of data which can be analysed from the 1984 Businessman Survey.

To: BMRC Secretariat, c/o Research Services Ltd, Station House, Harrow Road, Wembley, Middlesex HA9 6DE. Telephone: 01-903 1399 Telex: 923755.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 7.

Table of international bond issues with columns for country, issue name, amount, bid, offer, and yield. Includes sections for U.S. Dollar, Deutsche Mark, Swiss Franc, and Sterling.

Table showing exchange rates for various currencies including Yen, Swiss Franc, and others.

Table showing interest rates for various banks and currencies.

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Novel pricing for Atlantic Federal \$100m floater

BY OUR EUROMARKETS CORRESPONDENT ATLANTIC FEDERAL Savings and Loan of the U.S. launched a \$100m floating rate note yesterday with a novel pricing structure tied to the U.S. Government's cost of borrowing.

The ten-year issue, which is led by Banque Paribas, Goldman Sachs and Lehman Brothers will pay interest at the lower end of the rate for five-year U.S. Treasury bonds or the one-year bill rate plus a margin of 75 basis points.

This will allow the borrower to match its funding cost with its mortgage assets, which are also tied to the rate for U.S. Government securities.

Investors on the other hand will have an opportunity to gain from the yield curve as the interest rate will be reset every three months and the paper can be funded with three-month money.

For example, Paribas said yesterday that the one-year U.S. Treasury bill rate plus the 75 basis point margin was yesterday equivalent to about 12.65 per cent, which would give a pick-up of about 50 basis points over three-month Eurodollar deposits.

It acknowledged, however, that there was some risk to investors if the yield curve was ever inverted with short term money more expensive than medium dated funds.

Yesterday also saw the launch of a \$30m, 25-year bulldog bond issue

Colombia seeks \$200m credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON COLOMBIA is raising a credit of up to \$200m in the Euromarkets to refinance the debts of its state marketing agency for agricultural products Idema.

OVER-THE-COUNTER

Table of over-the-counter market data with columns for stock, sales, high, low, last, and change.

Continued from Page 20

Continuation of the over-the-counter market data table.

Motor Cars

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Company Notices

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PAN-HOLDING

Societe Anonyme Luxembourg The unconsolidated net asset value as of July 31 1984 amounted to US\$20.20 per share of US\$30 par value.

Alfa Romeo IN CHELSEA 58 Old Church Street Kings Road, London, SW3 01-351 0955 TAYLOR & CRAWLEY LTD

RESIDENTIAL PROPERTY appears every Wednesday and Saturday

For the three months from August 1984 the consolidated net asset value of the company as at July 31 1984 was US\$20.20 per share of US\$30 par value.